Supreme Court, U. S.
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MICHAEL RODAK, JR., CLERK

IN THE

# Supreme Court of the United States

October Term, 1979

No. 79-1348

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WORLDWIDE CHURCH OF GOD, INC., *et al.*,

*Petitioners,*

*vs.*

THE STATE OF CALIFORNIA, *et al.*,

*Respondents.*

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## APPENDIX TO BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI.

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## APPENDIX A.

### Excerpts From Reporter's Transcript, January 10-12, 1979 Hearing, Los Angeles Superior Court.

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THE WITNESS: Stanley R. Rader, R-a-d-e-r.

DIRECT EXAMINATION

BY MR. CHODOS:

Q. Mr. Rader, just to begin with, I noted a moment ago, from what Mr. Browne said and what you said, that members of the church prefer to affirm and not to swear: is that correct?

A. That is correct.

Q. Is there some religious tenet of the Church of God against swearing?

A. Yes.

MR. BROWNE: Objection. I don't believe—

THE COURT: The objection is sustained. It is irrelevant.

Q. BY MR. CHODOS: Mr. Rader, are you the man—May I approach the witness, Your Honor?

THE COURT: All right.

Q. BY MR. CHODOS: Are you the man who took this affidavit that was prepared for Mr. Armstrong's signature to Tucson to have him sign it, the one that was filed in the court?

A. No.

Q. Did you see it before it was filed with the court?

A. I'm not sure if I saw it before it was filed with the court, no.

Q. It starts out and says:

> "Herbert Armstrong being duly sworn upon his oath deposes and states."

And at the end it concludes, "subscribed and sworn to before me this 5th day of January, 1979," and has the signature of a notary public.

Mr. Rader, in your acquaintance with Mr. Armstrong, does he swear or does he affirm?

MR. BROWNE: Objection, Your Honor. It's irrelevant.

THE COURT: Sustained.

Q. BY MR. CHODOS: Mr. Rader, Mr. Browne mentioned your employment contract. Do you have a copy with you?

A. No.

MR. BROWNE: I do.

MR. CHODOS: Perhaps you could give one to the witness.

MR. BROWNE: Shall I give one to the witness, Your Honor?

THE COURT: Yes, please.

MR. BROWNE: For the record, I'm handing the witness the document on the stationery of Worldwide Church of God, dated August 1, 1976, signed by Herbert Armstrong, followed by employment and consulting agreement, numbering 18 pages, followed by employment and consulting agreement addendum, one page.

MR. CHODOS: Can I have a copy to look at?

MR. BROWNE: I haven't collated them all. If you will wait a second.

I have given a copy to counsel, Your Honor.

THE COURT: All right.

Q. BY MR. CHODOS: Mr. Rader, is that the employment contract that as far as you are concerned is presently in force between you and the church?

A. Yes.

Q. The contract says—

Your Honor, I would like to mark that as Exhibit 3, I believe it is.



THE CLERK: Plaintiffs' 3, Your Honor.

THE COURT: It is marked.

MR. CHODOS: 1 and 2 were introduced at the earlier hearing, Your Honor.

1 was an authorization by Judge Weisman, and 2 was the original press release signed by Mr. Armstrong appointing Mr. Cole—

THE COURT: All right.

Q. BY MR. CHODOS: Do you have a pencil, Mr. Rader?

A. A pen.

Q. Just put a 3 in the lower right-hand corner of the first page in a circle.

A. (Marking.)

Q. Thank you, Mr. Rader.

Mr. Rader, this document indicates that it was made and entered into on the 30th day of July, 1976 between you and the church; is that correct?

A. That is what the contract says.

Q. Is that the truth?

A. I'll stand on the written record.

Q. And—

A. This is what it says. It's signed by me and Mr. Armstrong.

Q. Mr. Rader, my question was did you sign it on July 30, 1976?

A. I can't remember that. I told you I'll stand on what the paper says.

Q. Mr. Rader, who drew this contract?

A. This contract was drawn probably by a young associate in the firm of Ervin, Cohen and Jessup after discussions with me.

I think his name is Greg somebody. I don't know his last name.

Q. Gittler?

A. No.

Q. And was Ervin, Cohen and Jessup representing you in that matter?

A. No.

Q. Who were they representing?

A. I asked them to help to prepare these documents based upon instructions that had been given to me by Mr. Armstrong, and contracts with us prepared for Mr. Armstrong for his son Garner Ted Armstrong and for me all at the same time.

Q. In other words, there were three contracts prepared at the same time.

Were they all prepared by Ervin, Cohen and Jessup?

A. They were, to my knowledge, put into final form for Mr. Armstrong by the firm of Ervin, Cohen and Jessup, by a particular man named Greg somebody, whose last name I can't recall.

Q. And, Mr. Rader, you were the individual, were you not, who transmitted to Ervin, Cohen and Jessup's firm the information as to what to put in these contracts for the three people?

A. I told Ervin, Cohen and Jessup's firm what provisions, in general, Mr. Armstrong wanted, what he was trying to accomplish by the employment contracts for each of the people. And I told them to put it into good form, and they did so.

Q. Now, on page 2, Mr. Rader—sorry—page 1 of the agreement, in paragraph A, it recites that since March 1975, which is a year and three months earlier than the date of



this agreement, it says "Rader has served as and is presently serving as a director, executive vice president, executive director, vice president for financial affairs, secretary-treasurer and general counsel for the church and for its related entities."

Do you see that quote?

A. Yes, very clearly.

Q. And you were serving in all those capacities at the time this agreement was drawn up and signed, weren't you?

A. Yes. But we would have to indicate which entity we are talking about and make specific which title I had in each one of the entities.

Q. We will come to that in a minute.

Now, Mr. Rader, you were the general counsel for the church. Was that you, yourself, or was that your firm of Rader, Helge and Gerson?

A. The firm of Rader, Helge and Gerson is merely an association of three lawyers, and Mr. Helge is the person who deals primarily with the church and its related affairs as these problems come up.

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Q. Mr. Rader, who advised the church about the advisibility or the propriety or desirability of this contract?

A. Mr. Herbert Armstrong is God's apostle. He is Christ's representative here on earth at this time. He, by the powers that have evolved upon him spiritually and which, as I understand, after constant review with my co-counsel, Mr. Helge, he has the power to hire and fire, set rates of compensation, things of that nature, and has done so consistently for 46 years.

Q. Mr. Rader, he is not a lawyer, is he, Mr. Armstrong?

A. No, sir, he is not a lawyer.

Q. Did he have any other lawyers advising him besides you and Mr. Helge about this matter?

A. Mr. Herbert Armstrong calls upon lawyers when and if—

THE COURT: Mr. Rader, I think it will help us all if you will listen to the question. You are a lawyer. Respond only to the question. All right?

THE WITNESS: All right.

THE COURT: All right.

THE WITNESS: Can you repeat the question, please.

MR. CHODOS: I'll repeat it.

Q. Did he have any other lawyer besides you and Mr. Helge advising him about entering into this contract from the church when he did so?

A. Not to my immediate first-hand knowledge.

Q. Mr. Rader, there have been other transactions between you and the church in the past few years, the purchase of your home and so on; is that correct?

A. In which years?

Q. Let's take your home on Loma Vista, Mr. Rader.

The home on Loma Vista was originally purchased by the church with church money; is that correct?

MR. BROWNE: Objection, Your Honor. Let me tell you why I'm objecting here.

It's too remote. I'll offer to show that the home was purchased in 1971, and we are prepared to go into that transaction—it occurred eight years ago—to show how the home was purchased, how Mr. Rader assumed the obligations, the fact the money of the sale of the previous home went into it.

The occurrence in 1971 does not have the immediacy for this hearing. I think this Court wants to know what has



happened in the last 90 days, what has happened in the last 60 days.

THE COURT: Mr. Browne, we can't separate it to that extent. I think some background is going to be necessary.

And I am going to have to rely on the good judgment of counsel, both of you, not to enlarge this to the full trial on the merits. Some background is going to be necessary.

MR. BROWNE: I think eight years ago is—

THE COURT: It is a big asset he is talking about, and I think he is entitled to go into that, but only cursorily.

MR. CHODOS: If I can have 20 minutes I'll be through with this part.

THE COURT: Another comment I want to make, gentlemen, and that is going to help us move this along, and that is if you are going to make an objection, you make your objection in legal form and stop. If I require any argument, I will let you know.

Q. BY MR. CHODOS: Mr. Rader, the question was, in 1971 the church bought the house at 840 Loma Vista; is that correct?

A. That is not precisely correct.

Q. Originally the title was put into your name; is that correct?

A. Title was in my name upon—

Q. You have answered the question.

A. Yes.

MR. BROWNE: Your Honor, objection. Can the witness give an answer, and if it requires an explanation let him do it without counsel saying, "You have answered the question"? We are on a fact-finding mission.

THE COURT: All right. Mr. Chodos, give him a chance to explain if he so desires.

Q. BY MR. CHODOS: When the property was originally acquired, was the title put in your name?

A. When the property was originally acquired the property was put in my name. And that was under the specific direction and authorization of Mr. Herbert W. Armstrong who actually selected the home.

Q. All right. Now a few months after—

The money for buying the property came from the church funds, didn't it?

A. The money for the purchase of the property, as I recall, was borrowed on a short-term basis from the United California Bank for the purpose of buying the house for cash.

Q. It was borrowed by the church and then paid to buy the house?

A. That's correct.

Q. Now, Mr. Rader, a few months after the house was originally bought, you quitclaimed the property to the church, didn't you?

A. That's correct.

Q. Then about a couple of years later the property was transferred by the church into your name again; is that right?

A. No. Approximately one year later, when the permanent financing was arranged, I quitclaimed the property to the church so that the financing would be available once it became impossible for me, as an individual, to acquire it all by myself.

After the financing had been arranged for, as my affidavit indicated, the property was then transferred to me, I believe, January 1972, or approximately thereof, and I then assumed some mortgages, gave back a second mortgage, and transferred other property to the church.



Q. Mr. Rader, at the time that all this was happening, your firm was peoviding legal counsel to the church, and your other accounting firm was providing accounting services to the church; is that right?

A. In 197—

Q. '71 and '72.

A. '71 and '72 I was representing the church as a lawyer.

Q. Did Mr. Armstrong or the church have any independent counsel at the time of those transactions?

A. Not to my actual knowledge, but it is quite possible that they did.

MR. CHODOS: Move to strike the part about it is quite possible that they did.

THE COURT: Speculation, and it will go out.

Q. BY MR. CHODOS: Now, Mr. Rader, when you—in 1974, October of 1974, the property was conveyed by the church to you and Mrs. Rader, was it not, in exchange for your assuming a $218,000 liability on the existing loan and giving back a second of $145,000?

A. I do not believe that 1974 is correct, Mr. Chodos.

I said the property was conveyed on or about January 1972.

Q. All right. In any event, Mr. Rader, since the property was occupied by you in the first instance, it is true, is it not, that the church has paid all the payments for the mortgage, the maintenance, the furnishing having to do with that property?

A. Not true, Mr. Chodos.

Q. The church has paid the charges, haven't they?

A. In some years.

Q. And not in others?

A. That is correct.

Q. How did it come to pass that they paid in some years and not in others?

A. To—that will involve a theological explanation, which I would be happy to go through, Your Honor. It would take quite some time, and we would have to call Mr. Helge—

Q. Mr. Helge to give the theological explanation?

A. And the legal aspect of it.

Q. Are you a minister of this church?

A. No.

Q. You have been baptized into it in 1975?

A. That is correct.

Q. Mr. Rader, do you know how much money the church put into this property?

THE COURT: The house?

MR. CHODOS: The house.

MR. BROWNE: Objection. I don't understand. You mean at the original time of purchase?

Q. BY MR. CHODOS: No. Up until now, up until you sold it.

A. It was my understanding, Mr. Chodos, that any payment made to me or for my benefit will be reflected on the books and records of the institution.

THE COURT: If you don't know the answer, state you don't know.

THE WITNESS: I—well—I don't.

Q. BY MR. CHODOS: It is somewhere around $800,000, isn't it, Mr. Rader?

A. I wouldn't think so.

Q. $500,000?



MR. BROWNE: Objection, Your Honor. I think the question is asked and answered.

THE COURT: If the witness knows, he can so state.

THE WITNESS: I don't know.

Q. BY MR. CHODOS: Mr. Rader, in any event, you and Mrs. Rader sold this property in the summer of last year; did you not?

A. That's correct.

Q. And the sales price was $1,800,000?

A. That's correct.

Q. And you have kept that money, that didn't go to the church; isn't that right?

A. That is correct.

Q. Now, at any time, Mr. Rader, was there any independent advice to Mr. Armstrong or to the church concerning your ownership or sale of the house on Loma Vista that you know of?

A. I can't answer, because I don't know.

Q. All right. Now, in addition, Mr. Rader, the house has—the church has bought you a house in Tucson; is that correct?

A. I am using a home in Tucson that was purchased by the church; title is in my name.

Q. How much did that house cost the church, Mr. Rader?

A. Approximately $150,000.

Q. The church paid for furnishing it, correct?

A. It was bought furnished and a few items were added.

Q. Mr. Rader, in addition to the house in Tucson, you and Mrs. Rader also own a house in Pasadena?

A. That's correct.

Q. That is the house you bought from the church is that correct?

A. That is correct.

Q. You paid the church about $255,000 for that house a few months ago, correct?

A. That is correct.

Q. And the way you did that was you paid $75,000 cash, and gave the church back a deed of trust for about $150,000; is that right?

A. Initially, but 60 days later the one fifty-two was paid off.

Q. Now, Mr. Rader, does the church—has the church paid for the cars that you drive?

A. I am entitled to—

THE COURT: Listen to the question, Mr. Rader. Just listen to the question.

THE WITNESS: Well, I don't know. I would have to check my employment contract.

Q. BY MR. CHODOS: Do you have an Aston Martin and Porshe?

A. Those are mine.

Q. Did the church pay for those?

A. No.

Q. Mr. Rader, I would like to go back to something that you mentioned a little while ago on the matter of your different roles that you play.

You have been, as I understand it, Mr. Rader, you and your lawfirm, Rader, Helge and Gerson, have been counsel for the church for many years; is that correct?

A. The association of Rader and Cornwall and—excuse me. Rader and Helge and Gerson have represented the church and its related entities for a good many years, yes.



THE COURT: Mr. Rader—

THE WITNESS: It is an association; it is not a partnership. It is very important.

THE COURT: I think you will save us all some time and expedite this if the question is susceptible to a yes or no, just answer yes or no. You need not repeat the whole question. All right?

THE WITNESS: Yes.

Q. BY MR. CHODOS: Mr. Rader, in addition to that, you have been a member and founding member of the accounting firm of what is now known as Rader, Cornwall, Kessler and Palazzo; is that correct?

A. Yes.

Q. As I understand it, Mr. Rader, in addition to that, you organized an advertising agency called Worldwide Advertising, Inc., which acted as the advertising agency for all the church's media purchases, time purchases?

A. Yes.

Q. And in addition to that, Mr. Rader, you organized an entity known as Mid-Atlantic Leasing, or something like that, which purchased airplanes and leased them to the church; is that correct?

A. Yes.

Q. And let me ask you, Mr. Rader, in connection with any of these activities or services or supply of assistance to the church that you provided through these various entities, did the church have any independent counsel besides yourself or your firm?

MR. BROWNE: Objection, Your Honor. Irrelevant to the scope of these proceedings.

THE COURT: Overruled. You may answer the question.

THE WITNESS: My I ask Your Honor something? He is using the word independent. Does he mean independent of me or in addition to me? He is not being precise.

THE COURT: I assume he means by independent counsel, counsel other than your firm, which had no connection with your firm, is that correct?

MR. CHODOS: Yes.

THE WITNESS: Remember I have asked Your Honor to understand the difference. My firm is not a partnership.

THE COURT: Be that as it may, let's talk about the three people who were associated together.

Bearing in mind that is the context of the question, I think, what is your response?

MR. BROWNE: Objection, Your Honor. Can we have the time frame about this leasing company?

THE COURT: I don't think that is necessary, Counsel.

MR. BROWNE: I think it's 1967, Your Honor.

THE COURT: I don't think it matters.

MR. BROWNE: Ten or eleven years ago?

THE COURT: I indicated to you, Mr. Browne, I think some background is going to be necessary. The quicker we get to it, the quicker we will dispose of the issue now.

MR. BROWNE: May I inquire, Your Honor?

My problem is this. These transactions are brought up. Was Mr. Armstrong independently represented. Now without regard to that answer, I feel compelled to now demonstrate to Your Honor by way of rebuttal they were all fair transactions, that they were proper financially, because I know Mr. Chodos is going to argue just because of the so-called specter of undue influence that we have a problem. And I know that if he gets into those underlying transactions,



we are going to be here a long time. And I feel it's somewhat of an unfair disadvantage in that respect.

THE COURT: I want to assure both of you we are not going to be here for a long time, as I already indicated to you.

Mr. Chodos, you are going to have to move this along. I think you are getting into detail that is not going to assist the Court very much in particular with this ruling.

MR. CHODOS: I asked to have 20 minutes. If I don't spend it all on objections, I will be past it.

THE WITNESS: May I help, Your Honor, in one way?

THE COURT: Yes sir.

THE WITNESS: I don't know whether Mr. Armstrong has consulted independent counsel. That is because Mr. Armstrong is inclined to consult independently of everybody with other people, and I never know with whom he's speaking at any one time.

THE COURT: Your answer is you don't know.

THE WITNESS: Yes.

Q. BY MR. CHODOS: Mr. Rader, a few things about these financial matters.

It's my understanding somewhere in the—let me ask you a foundation question.

We have in our moving papers, which you have read—

You have read them, haven't you?

A. Not completely.

Q. We have attached copies of a document—I think it's called the Pastor's Report, which is sort of a mimeographed or offset printed publication of the church.

A. Yes.

Q. And in those reports there are messages from you; correct?

A. That's correct.

Q. You are in fact the author of those?

A. That's correct.

Q. If something appears in the Pastor's Report over your name, that is your statement?

A. That's correct.

Q. Somewhere in those papers—I'll find it, if you need it—you say you severed all your connection with Worldwide Advertising; is that right?

A. In 1975, that's correct.

Q. Is that when you became a full-time officer of the church?

A. And a member of the church.

Q. You don't have anything to do with it now?

A. Nothing.

Q. It's now all owned by Mr. Gerson?

A. Worldwide advertising?

Q. Yes.

A. Is owned by Mr. Cornwall.

Q. Mr. Gerson, what does he have to do with it?

A. Nothing.

Q. He's on the door there as counsel for Worldwide Advertising. Do you know anything about that?

A. Yes. He subleases space from Mr. Cornwall.

Q. Mr. Cornwall is the gentleman of Rader, Cornwall, Kessler and Palazzo? He's the Cornwall in that group?

A. By name, yes.

Q. Now I understand also, Mr. Rader, that sometime a while ago Worldwide Advertising was no longer—stopped handling the advertising agency function for the church?

A. That's correct.



Q. The church agreed to pay them something like $375,000 for termination damages; is that right?

A. I don't know the details. I was not privy to the transaction. I don't know.

Q. You don't know anything about it?

A. I know something about it, but I never participated in the transaction.

Q. Mr. Rader, can you tell me, did you know that the executive payroll checkbook of the Worldwide Church of God was out at Worldwide Advertising, Inc.?

A. Yes.

Q. The executive payroll records?

A. Yes.

Q. And they were out there a week or so ago?

A. Yes.

Q. What were they doing there, Mr. Rader?

A. The executive payroll had been prepared for some time under the direction of Mr. Cornwall. And Mr. Cornwall at that time was acting as a certified public accountant.

And Mr. Armstrong's instructions were that the executive payroll should be prepared in that manner. When Mr. Cornwall, as I understand it, retired from the public accounting field, he assigned the duties of preparing that—those payroll checks—which is a clerical function—to someone who had formerly been working under his direct supervision.

Q. Is Mr. Cornwall now an officer of the church?

A. No. Never was.

Q. Does he have any—is he employed by the church?

A. No.

Q. He has no connection with the church organization or college or foundation at all?

A. As I understand it, there is a contract between Mr. Cornwall and the church which had to do with this termination, and he may have rights under the contract for payment as some kind of consultant.

Q. Does he prepare the executive payroll now?

A. No.

I just stated the executive payroll has been prepared for some time by another man who formerly was Mr. Cornwall's employee when he was practicing as a public accountant.

Q. This employee is a—

A. You have to ask that of someone else.

Q. Now, Mr. Rader, on the matter of the leasing company—then we will be off of this by a quarter of 11:00—some years ago, you and others formed a firm of some kind, an entity, to buy an airplane and lease it to the church; is that right?

A. That's correct.

Q. And since that time, you and others have bought more than one plane and leased it to the church?

A. That is correct.

Q. And in fact, there is a plane the church is using now called a Grumman II, that was bought by you and leased to the church; is that correct?

A. Yes.

Q. All right. The church—the terms of the lease were such, were they not, Mr. Rader, in every instance, that if the lease had been fully paid, the lease payments would cover the full purchase cost and an interest factor or service charge factor, in addition, for the lessor; is that right?

A. They were leases, and whatever the lease provisions would provide—



THE COURT: If you don't know, say you don't know.

THE WITNESS: I don't know.

Q. BY MR. CHODOS: They were at least finance, purchase-type contracts, weren't they?

In other words, the party paying the lease was, in effect, bearing the entire cost of the time purchase; isn't that right?

A. They were leases. They were leases. You would have to examine the documents if you want to say something else about them.

Q. Mr. Rader, do you not know whether the terms of the lease were such that the church's payments were intended to cover the full purchase price, plus a profit to the lessor for providing the financing; isn't that true?

A. It depends on which plane we are talking about.

Q. Well, let's talk about the Falcon.

A. Which Falcon?

Q. How many Falcons were there?

A. There were two.

Q. Let's talk about the first one.

Let's talk about the second one, the most recent Falcon. Isn't it true that the purchase payments were intended to cover the full purchase, the lease payments were sufficient to cover the full price plus?

A. On the second Falcon there were serious limitations on the amount that the lease would give in terms of the difference between the pay out of the lease and the amounts that the lessee would pay.

In other words, no one knew until the end whether such a figure would be paid.

THE COURT: You know what the plane cost, don't you?

THE WITNESS: Yes.

THE COURT: What did it cost?

THE WITNESS: Well, the plane upon the trade-in was about $2.3 million.

THE COURT: What were the lease payments totaled over the period of the lease?

THE WITNESS: They were to be a certain amount per month, but the interest rate was variable and could not exceed a certain amount to the purchaser.

THE COURT: What were the parameters of that?

THE WITNESS: Well—

THE COURT: The lowest and the highest in the form of the lease payments.

THE WITNESS: Well, I don't have the contract in front of me. I can't—

THE COURT: What is the equivalent, basically the purchase price of the plane?

THE WITNESS: Just about; just about.

Q. BY MR. CHODOS: Now, Mr. Rader, in fact, sometime in 1977, the chruch decided to terminate the Falcon lease; is that right?

A. Yes, in 1977.

Q. And under the provisions of the lease, who drew up that lease, your firm?

A. No.

Q. Ervin, Cohen and Jessup?

A. No.

Q. Who drew it up?

A. The lease was drawn by lawyers in the east, I understand.

Q. Penalty of $620,000 for early termination was paid in 1977, for the termination of that Falcon lease, isn't that right, to the lessor?



A. I'm not sure that that was the amount. I don't know whether it was a penalty, per se.

Q. I will get to that.

A. The lease was terminated, and it is a matter of record.

Q. I will get that to you in just a minute, Mr. Rader.

But while I am at it, the church then bought the Grumman II?

A. No.

Q. They have the Grumman II?

A. They bought the Grumman II in 1970.

Q. Now the church has made all the lease payments on the Grumman II, completed making all the lease payments last year sometime or before; isn't that right?

A. Yes.

Q. Has the title to the Grumman II ever been transferred to the church?

A. Yes.

Q. When did that happen?

A. I think sometime in 1978.

Q. How long after the payments were made?

A. Within the period of time necessary for all the closing documents to be gathered. Mr. Helge, I think, handled that.

## APPENDIX B.

**Excerpt From Reporter's Transcript, January 12, 1979 Hearing in Los Angeles Superior Court. Pages, 387-391.**

(THE COURT:)

There may be other reasons, but certainly on the basis of market value, there really has been no showing. Nevertheless, there have some very serious questions raised here concerning the use and transfer of assets in the form of money and property to those in control of the church.

Again, the weight of the evidence and the final conclusions in regard thereto will have to be determined by the trial court. But I have heard enough, I think, during the course of these hearings, and from my examination of the documents, to at least give me some cause for concern and to lead me to the conclusion that pending the trial some restraints must be imposed on the operations of the church until the action, as I say, is finally determined.

Now, what have some of these questions amounted to? Well, firstly, there has been an astonishing amount of money expended here by Messrs. Armstrong, Rader and others for many purposes, particularly in connection with so-called travel expense, the purchase of extensive gifts and so forth.

Now, certainly, some expenditures along that line are completely proper and permissible, and they are certainly within the discretion of those persons who are authorized to determine whether they should be made.

Of course, the persons have to be authorized, it seems to me—They have to be authorized to indicate and decide what amounts of money should be expended. And the authority of those persons allegedly authorizing them have to be persons, as I say, who are in proper authority in the church.



These are questions which are open to, I think, some arguments, and will have to be examined very carefully at the time of trial.

Now, it can generally—with reference to the conduct of the affairs of the church, the administration of its assets and the expenditures over the last several years, and up to the present time—it seems to be conceded that in spite of the fact that the articles are filed in this corporation under the nonprofit clause of the State of California, and in spite of the fact there are specific provisions in the articles and bylaws which place control in the board of directors, it seems, nevertheless, to be conceded that for many years this was essentially a one-man operation, with Mr. Armstrong making all the decisions on a completely unilateral basis; and perhaps even more recently it has been a two-man operation, in the sense that both he and Mr. Rader are acting jointly. And of course, as you all know, there is some suggestion—at least there is an inference, because of Mr. Armstrong's possible inability to continue with his activities, either because of advancing age or infirmity or disability of one kind or another—that perhaps it is now basically a one-man operation, again with Mr. Rader conducting the affairs of the church.

All of these issues will have to be very carefully scrutinized by the trial court, and they all represent reasons why the court is concluding here that some restraints have to be placed on the conduct of the church business from this point forward, or at least until trial.

MR. CHODOS: Could you speak a little more in the microphone, Your Honor?

THE COURT: I will do the best I can. I am gradually running out of steam.

There have some serious inferences which have been also raised concerning various transactions between Mr. Rader

and the church, from claims of self-interest, possible conflicts in interest; again all of those being problems which are going to have to be resolved in the trial court.

But there has been enough in the way of questions raised which, again, place the court on notice that there might conceivably be some problems on the part of Mr. Rader with reference to the church. Some of these relate to his possible involvement in, for example, leasing aircraft to the church and having an interest in the leasing company; various other business dealings with the church. I am not going into those now in detail, but they all, again, will have to be examined by the trial court.

Now, again, I am not going to dwell on it. There has been the problem raised about these homes which have been transferred to Mr. Rader, one of which he subsequently and concededly sold at a profit of perhaps one million dollars or thereabouts, which he has retained as his own property.

There are also questions with reference to the legal effect of his employment contract under which he receives a salary of some $200,000 a year, plus substantial expenses, with no apparent approval of anyone except perhaps Mr. Armstrong. That is certainly an issue which is open to serious examination.

Mr. Rader is an attorney, of course. I question—I don't know right now the answer—but I certainly question the legality of his present employment argeement, the enforceability of that present employment agreement with the church under these circumstances.

The defendants have taken the position, I think, coincidentally so, that Herbert Armstrong is and is entitled to be in sole control of the church, since it is what the defendants have referred to as a hierarchy; as I say, in spirit of the law, the articles, the bylaws, the fact this is a nonprofit corporation and the fact that the articles and bylaws—certainly the bylaws provide that the control is vested in the board of directors and not in Mr. Armstrong.



Mr. Armstrong apparently has taken the position that he may do what he pleases with reference to the affairs of this church, and without consulting with anyone else, including the board of directors.

When you combine this with the inference that Mr. Rader [may] now in reality have replaced him or is in the process of replacing him it becomes obvious, it seems to me, that the trial court will have to make a full inquiry into this situation.

## APPENDIX C.

**Excerpts From Constitution and By-Laws of the Radio Church of God.**

CONSTITUTION

ARTICLE I

NAME

This association, a corporation, shall be known as RADIO CHURCH OF GOD.

ARTICLE II

OBJECT

The object and purpose of this Association shall be to carry out the active ministry, according to the call and commission of Jesus Christ, of the true CHURCH OF GOD and its various local Churches of God with which it is associated and from which it has come into being, which scriptural call and commission is:

1) to preach and to publish the true Gospel of Jesus Christ, which is the New Testament MESSAGE which God sent by and was preached by Jesus Christ our Lord—the Gospel of the Kingdom of God, in all the world as a witness unto all nations in fulfillment of the prophecy for this time of Matthew 24:14;

2) to effectively warn the people of the United States, the British Common-wealth of Nations, and the Democracies of Northwestern Europe whom we understand to be the descendants of the House of Israel, of the divine judgments from Almight God prophesied soon to fall on our peoples in punishment unless we repent of and turn from our increasing sins and violations of God's laws, and return to national and individual total reliance upon the God of our fathers;



3) to be used of God in the conversion of souls;

4) to minister to those whom God adds to His Church, feeding the flock with the pure Word of God by personal contact and by literature;

5) to establish, raise up, and maintain according to the New Testament pattern, local churches composed of those whom God gives us;

6) to establish and conduct one or more educational institutions or other instruments to educate and train students for active duty in this ministry of worldwide evangelism, organization and conduct of local churches;

7) to minister to the material need of God's people, by healing of the sick through prayer and faith in God's promises of healing, and whatever other physical or material ministry we may be equipped to give.

ARTICLE III

MEMBERSHIP

*Section 1*. Those who are recognized members of all local churches affiliated with this Association, together with those active co-workers in this ministry, whether by tithes and offerings and prayers only, or by this and personal active full or part-time service, who have been baptized into Jesus Christ and show evidence by the fruits of their lives of having received and being now led by the Holy Spirit of God and who keep the Commandments of God and the faith of Jesus Christ, and who acknowledge this as their sole and only church affiliation shall be considered as members of the RADIO CHURCH OF GOD.

*Section 2. Reception of Members*: No person can "join" the Radio Church of God or any of its affiliated local

Churches of God, in the usual sense of the word. We conceive, as revealed in Holy Scripture, that God adds to the Church such as are being saved, and it is by His Spirit being received on Conversion that one is baptized or inducted into the true Body of Christ. Any person qualifying according to Section 1 first above, in whom we perceive the grace of God as manifested by the "fruits" borne in his or her life, shall, if located near or visiting one of the local churches, be given the right hand of fellowship in public meeting by the local membership; or, where not accessable to a local congregation in our fellowship, such members, consideered as already having been added to the Body of Christ, the true Church of God, by the Holy Spirit, shall be if when possible extended the right hand of fellowship by any authorized minister or representative of this Body. Isolated members, however, may be considered and recognized as members of the RADIO CHURCH OF GOD without, or pending being extended the right hand of fellowship in this personal manner.

"Article III, Section 3. Dismissal of Members: We are warned in the New Testament that even of our own selves shall men arise, speaking perverse things to cause division and draw away disciples after them; and that 'wolves' in 'sheep's clothing,' making an appearance and pretense of being true disciples or ministers, will enter in among God's true Christians for greedy purpose. We are commanded, and the authority therefore vested in the Church, if the same be deemed expedient for the protection or other benefit of the Church, to mark them that cause divisions and offenses contrary to the teaching of the Bible, to make a full statement of the reasons to the congregation for doing so, and/or disfellowship such persons and avoid them. The determination as to which remedial procedure is



to be invoked, and whether or not the same is 'deemed expedient,' shall be within the sole and subjective discretion of the ministers duly authorized by the Church to make such a determination."

## ARTICLE IV
## DIRECTORS, OFFICERS, AND DUTIES THEREOF

*Section 1. Board of Directors*: The corporation shall be controlled by a Board of Directors, which shall consist of thirteen in number, who shall also be Trustees. All Directors, except Herbert W. Armstrong, shall be appointed for a term of one year or until such time as a successor is appointed.

Herbert W. Armstrong shall hold office perpetually by virtue of having been called by divine authority of Jesus Christ as evidenced by the founding, development and growth of this work, the salvation of souls, the raising up of local churches of those converted by and through this ministry, the effective proclaiming of the true Gospel to the entire nation by word of mouth, by radio, and by printed word, which achievements could only be accomplished by the divine direction and the power of God working effectually in and through the one specially called for this mission.

*Section 2. Executive Officers and and Duties*:

A) The President of the corporation, who shall be a member of the Board of Directors, who also is Pastor of this Church. He shall be the Chairman of the Board of Directors. He shall, by virtue of his office by devine calling and direction, have power and authority to appoint all other Directors and administrative officers, after counsel with the other directors and prayer.

B) A Vice President, whose duties shall be to act as president in the absence of the president.

C) Secretary-Treasurer, who shall keep all minutes of Board meetings and Church meetings, and records of the organization, and shall account for and be responsible for all monies received.

*Section 3. Duties of the Pastor*: It shall be the duties of the Pastor to preach over the radio, and, when feasable, by television; to write booklets and literature; to edit the PLAIN TRUTH magazine; to preach before public audiences; to preach when possible before our local congregations; to pray for the sick; to ordain elders and deacons; to teach or supervise the teaching of the Bible and courses of Religion at the College training prospective ministers and workers for the mission to which we have been called; to have general oversight and supervision of the Church and its work.

*Section 4. Administrative Officers*: The President of the corporation shall be the Executive Director over the active administration of the work of evangelism; and in the conduct of the business affairs of this active evangelistic ministry, there shall be employed, responsible to him, such administrative, executive, secretarial and other help as the conduct of the purposes of this Association may require, including, as at present organized:

(1) A Business Manager, whose duties are to manage and supervise all routine and ordinary business administration, including employment and direction of secretaries, file clerks and other office employees; the purchase of supplies; the payment of accounts, supervision over auditing and keeping of books and records and reports, and other administrative departments. The Business Manager shall be directly responsible to, and under direction of and in close cooperation with the President, with whose knowledge and consent all important or out-of-the-ordinary decisions or policies shall be made.



(2) An Office Manager, under direction of the Business Manager, who shall supervise the routine of the general office, maintaining and checking the mailing list and addressing machine system, mimeographing, mailing of requested literature, booklets, the *PLAIN TRUTH* magazine, etc.

(3) An Auditor, in supervision of auditing and bookkeeping department, who shall audit all financial records of The RADIO CHURCH OF GOD and its auxiliary organizations or institutions at least once each year, and report to the President, the Secretary-Treasurer, and the Board of of Directors, their true financial condition. He shall have access to all records of monies received and of expenditures and amounts, payable at all times. He shall act also as adviser and counsellor in the financial affairs of the Church.

(4) An Executive Secretary, serving as personal secretary to the President.

(5) A Financial Secretary, who shall be manager of the mail opening department, and, in supervision over trusted, trained and qualified secretaries, shall be responsible for the opening of mail, receiving of all monies, and turning of these monies promptly over to the executive secretary or auditor or whomsoever the Business Manager shall direct for entering in records and banking. It shall be the further duty of the Financial Secretary's office to carefully read all incoming mail, channelling each piece into the proper department or office for attention and reply; marking carefully what special literature is requested or, in judgment of secretary, would be helpful.

(6) Manager of Printing Department, in supervision over printing of booklets, bulletins; letters, letterheads, envelopes and other literature.

(7) Manager Recording Department, who shall be in charge of radio studio control room and whose duties are to make all recordings of radio programs by electrical transcription for broadcast, packaging and air-expressing same to various radio stations; keeping careful records of all transcribed programs sent to each station; and maintenance continually in best condition of all radio and recording equipment.

(8) Superintendent of Buildings and Grounds, who shall be directly responsible Business Manager who in turn is responsible to the President of the College for maintenance and repair of buildings, new construction supervision, supervision over all janitor work; also for supervision and maintenance of all grounds, lawns, trees, shrubs, hedge, etc., and any new installation thereof or landscaping. No new building construction or landscape installation may be contracted for, however, or undertaken, unless ordered by Business Manager with consent of the President of the College and approval of the Board of Directors.

## ARTICLE XII
## INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every person who serves as a director, officer, or employee of the corporation, and every person who serves at the written request of the corporation (or at its oral request subsequently confirmed in writing) as a director, officer, or employee of another business, whether or not incorporated, in which the corporation owns a proprietary interest, may, in the discretion of the Board of Directors, be indemnified and held harmless by the corporation from and against any loss, cost, liability, or expense that may be imposed on or incurred by him in connection with or resulting from any claim, action, suit, or proceeding, civil or criminal, in which he may become a party or otherwise involved because



of his being or having been a director, officer, or employee of the corporation, or of the other business in which the corporation may own a proprietary interest, whether or not he has this relationship when the loss, cost, liability, or expense was imposed or incurred. The phrase "loss, cost, liability, or expense" shall include all expenses incurred in defense of the claim, action, suit, or proceeding and the amounts of judgments, fines, or penalties levied or rendered against the indemnified person, provided that no person shall be entitled to indemnity under this section unless the Board of Directors determines that he was acting in good faith and within what he reasonably believed to be the scope of his employment or authority and for a purpose that he reasonably believed to be in the corporation's best interest. The determination of the Board of Directors shall be within its sole and subjective discretion and its decision shall be final. Payments authorized under this section shall include amounts paid and expenses incurred in settling the claim, action, suit, or proceeding, whether actually begun or only threatened. Expenses incurred with respect to a claim, action, suit, or proceeding indemnified against under this section may be advanced by the corporation before final disposition of the matter. This right of indemnification shall not affect any other rights to which any person may otherwise be entitled by law or contract.

* * * * *

This CONSTITUTION has been recommended by the Pastor, and approved by the majority of the members present at this annual meeting, this 24th day of October, 1948.

(Signed) HERBERT W. ARMSTRONG
Pastor and President of corporation

(Signed) LOMA D. ARMSTRONG
Vice-president

(Signed) ESTHER OLSON
Secretary-treasurer
(Signed) BASIL WOLVERTON
Elder and Director
(Signed) D.T. HENION
Deacon and Director
(Signed) JAMES A. GOTT
Deacon and Director



## APPENDIX D.

### Excerpts From Declarations and Exhibits in Support of Ex Parte Application for Temporary Receiver, Filed January 2, 1979 in Los Angeles Superior Court.

DECLARATION OF HILLEL CHODOS

I, HILLEL CHODOS, hereby declare as follows:

1. I am one of the attorneys for the relators in the within action. I make this declaration in support of the ex parte application for appointment of a temporary receiver, temporary restraining order, and order to show cause.

I have personally discussed this matter with the Hon. Steven S. Weisman, a retired judge of this court, in order to ascertain whether he would be willing and able to act as receiver if appointed by this Court. Judge Weisman has told me that he is willing and able to do so.

2. I have practiced law for approximately seventeen years. I specialize in business and corporate litigation and in trial in appellate courts. Much of my practice relates to cases of business and commercial fraud involving large amounts of money and large corporate enterprises.

3. I have personally interviewed all of the declarants whose declarations are filed in support of the within application. I have also reviewed the materials they have furnished to me. These materials strongly suggest that the Church may have substantial claims against the individual defendants and other persons for improper diversion and misappropriation of church funds. They also suggest strongly that the Church has ample legal grounds for avoiding the consummation of a proposed sale of its major asset in Big Sandy, Texas. However, based on my experience in litigation, it is my opinion that the ascertainment and pursuit of those claims will be greatly facilitated if the records of the Church are fully preserved and available to the counsel

charged with doing so; and that their ascertainment and prosecution will be rendered much more difficult if any substantial segment of the records has been destroyed. It is therefore of the utmost importance to the ultimate enforcement and protection of the charitable trust that whatever records remain in existence be preserved from removal or destruction.

4. It now appears that a proposed sale of the Big Sandy facility will close on January 4, unless orders are made which will prevent the closing. Based on my experience in business litigation, including many real estate matters, it is my opinion that the legal difficulty and expense involved in setting aside a consummated sale would be much greater than that involved in avoiding the consummation of the transaction before it is complete.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 28th day of December in Beverly Hills, California.

/s/ Hillel Chodos
HILLEL CHODOS



## DECLARATION OF HUGH JOHN GIBSON

I, HUGH JOHN GIBSON, declare as follows:

1. I am one of the attorneys for plaintiff and relators in the within action. I make this declaration in support of the plaintiffs' application for appointment of a receiver and a temporary restraining order, and for a receiver and an injunction pendente lite.

2. During approximately the last two weeks, I have been furnished by certain of the relators with various written material and information pertaining to the Worldwide Church of God, Inc. and its associated corporations. I have reviewed and analysed those materials, and have pursued certain additional inquiries and investigations. The following facts appear (among numerous other facts) in said materials and are pertinent to this proceeding; and may be briefly summarized for the Court's convenience as follows.

3. Attached hereto, marked Exhibit A, is a copy of the "Pastor's Report" published by the Worldwide Church of God on August 14, 1978. At pages 4-7, the report contains a personal message from Stanley Rader. In it he explains he is employed by the Church under an arrangement made between him and Herbert W. Armstrong that "whatever it took to meet my financial requirements would be provided." He acknowledges that he arranged for the lease-financing of a Falcon aircraft for use by Church executives; that "after careful consideration and much discussion with all parties, it was agreed that the financial arrangements were equitable for all parties and that my participation would not be in conflict with the Church or any professional responsibilities that I might have had as a result of my relationship to the Work as a lawyer and as an advisor to Mr. Armstrong;" and that the arrangement provides for the Church to indemnify him from any tax loss he might suffer in connection

with it, which indemnification was in the process of being calculated as of the date of the report. Mr. Rader also admits that for many years he was the owner of an advertising agency which handled all of the Church's radio and television time buying activities on a commission basis [Mr. Rader claims in the report that he divested himself of any and all interest in the advertising agency in 1975; but as appears more fully below that claim is highly questionable]. Mr. Rader also admits that the Church purchased and maintained a home for him in Beverly Hills [recently sold by him personally for $1,800,000, as explained more fully below]. Mr. Rader claims that all of this remuneration was approved by Herbert W. Armstrong, who allegedly felt and feels that he has been "a servant worthy of his hire."

4. The current edition of Martindale-Hubbell lists Mr. Rader and his law firm, Rader, Helge and Gerson. In addition to the official listing, the directory contains a paid listing for the law firm, setting forth biographical information concerning its members and other information. A copy of this paid listing is attached hereto marked Exhibit B. It lists Mr. Rader as a lawyer and also indicates that he is a certified public accountant. Among the representative clients of the law firm are included Ambassador College, Worldwide Church of God, Ambassador International Cultural Foundation, and Worldwide Advertising, Inc. Worldwide Advertising is the advertising firm Mr. Rader formed to handle the Church's time buying programs, and in which he allegedly divested himself of any interest in 1975.

5. A review of current telephone directories reveals that Mr. Rader maintains law offices at 10100 Santa Monica Boulevard, telephone number (213) 552-1717. Worldwide Advertising, Inc. is listed in the telephone directory at the same address and phone number. Also listed at the same address and phone number are Henry F. Cornwall, C.P.A.



and Gateway Publishing, Inc. The accounting firm of Rader, Cornwall and Kessler, and W. Jack Kessler, C.P.A., are listed with offices at 10100 Santa Monica Boulevard and a telephone number of 553-6958.

6. Attached hereto marked Exhibit C, is a Dun & Bradstreet report on the Worldwide Church of God, Inc., dated July 18, 1978. This report lists Herbert W. Armstrong as president; Stanley R. Rader as treasurer; and Ralph Helge (Rader's law partner) as secretary; and states that the three officers are the directors. It also states that Armstrong, Rader and Helge hold identical offices in Ambassador College, Inc.

7. Attached hereto, marked Exhibit D, is a Dun & Bradstreet report dated September 28, 1978 on Ambassador International Cultural Foundation, Inc. Messrs. Armstrong, Rader and Helge are listed as the president, executive vice president and secretary; and Henry Cornwall (Rader's other accounting partner) is treasurer.

8. I have examined the "Pastor General Department, Report of Expenditures" for July 1, 1975 through June 30, 1976, which is attached to the Declaration of Mr. Chapman as Exhibit B. This report lists a total of $2,031,643 expenditures by the Church during this period, consisting principally of items characterised as "travel and lodging" [$889,485] and "public relations" [$819,346]. The itemized breakdown shows repeated expenditure for luxury items such as meals at Perino's or La Scala, limousine service, and the like. Typical of these items are bills incurred by Rader at Perino's on February 28, 1976 ($272.34) and at La Scala on March 12, March 18 and March 19 ($125.00; $202.71 and $102.18 respectively). Other items which appear repeatedly throughout the itemized list are charges at Hermes in Paris (a luxury store with a branch on Rodeo Drive), Gucci (a similar establishment), Christian Dior,

Cartier, and so on. Another category of items which frequently appears relates to charges to the Church, as executive expenditures by Osamu Gotoh for cameras and accessories: by way of example only, between June and September of 1975, he is listed as having purchased over a dozen cameras and related equipment from various photography stores for over $10,000.

9. In addition to ongoing and enormous expenditures of this character, the report also lists travel expenditures of bizarre and exorbitant amounts. Typical items are:

| | |
|---|---|
| 8/8/75 American Express-Gotoh | |
| Hotel Plaza Athenee, Paris (no backup) | $12,416.93 |
| 8/31/75 American Express-Gotoh | |
| Imperial Hotel, Tokyo (no backup) | $13,735.74 |
| 9/12/75 American Express-Gotoh | |
| Munich, Germany | $12,504.59 |
| 9/11/75 Diners Club-Rader | |
| Hotel Plaza Athenee, Paris | $12,049.39 |

Between October 23 and November 1, 1975, Gotoh made four charges to the Church's American Express card at the Plaza Athenee totaling over $44,000; and a week later, he billed another $8,580.29 to the Church for a stay at the Imperial Hotel in Tokyo. On February 25, 1976, Rader made nine separate charges to the Church's Diners Club card at the Jerusalem Hilton, amounting to more than $10,000.

I have also examined the monthly executive expense analysis of March 3, 1978, attached to the Declaration of Mr. Timmons as Exhibit C. This report reveals that the type of expenditure shown in the 1975-1976 report is continuing to more recent times. The analysis includes a bill by Rader at the Plaza Athenee in Paris for $22,571.19; a bill for Henry Cornwall at the Imperial Hotel in Tokyo for $22,-



925.56; and charges at La Scala ($694.78), Harrod's ($281.98) and the like.

The report for March 3, 1978 also reveals additional major expenditures of significance. During the period reflected by that report, the Church incurred $13,166.90 for Rader's home in Beverly Hills, including utilities, property tax, landscaping, expense allowance and mortgage payment. During the same month, the Church incurred an additional $10,591.17 to furnish and maintain Rader's home in Tucson.

10. Despite the fact that the Church paid for the Beverly Hills home, including taxes and maintenance, Rader and his wife held personal title to the property until they sold it in July of 1978 to Erwin and Margo Winkler. A certified copy of the Raders' grant deed to the Winklers is attached hereto marked Exhibit E. The documentary transfer tax is listed as $1,980, computed on the full value of the property conveyed, signifying (at $.55 per $500) a sale price of $1,800,000.

11. Shortly after selling the Beverly Hills home and pocketing the money, Rader and his wife purchased a home in Pasadena from Ambassador College for an apparent purchase price (based on transfer tax) of $225,000. The Church took back a note and trust deed for $152,500 of the purchase price. Certified copies of the grant deed and the deed of trust given back are attached hereto, collectively marked Exhibit F.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 27th day of December, 1978, at Beverly Hills, California.

/s/ Hugh John Gibson
HUGH JOHN GIBSON

**Excerpts From Exhibit A to Declaration of Hugh John Gibson: Pastor's Report.**

Where Are We Now In the Panorama of
Prophesied World Events?

by Herbert W. Armstrong

The DEATH of Pope Paul VI may trigger a drastic change in world events. This change could plunge the world into the most terrifying crisis ever experienced by man.

But I hasten to add that if this catastrophic World War III does explode, that will be the definite ASSURANCE that WORLD PEACE in the utopian WORLD TOMORROW—is imminently to follow.

I would rather picture to our readers a future of WORLD HOPE, than of horrifying world disaster. But we live in a troubled world with unprecedented evils piled mountain-high. And the *trend* is foreboding—not reassuring. It will get *darker* before the DAWN. The important thing is that the DAWN is absolutely *assured* by the living Creator GOD!

Some twenty years ago, before Pope John XXIII was elected, I had wondered if the Pope then being selected by the College of Cardinals would be the one who would propose his good offices to the nations of Europe to achieve political, monetary, and military union. European nations have longed for some sort of UNITY. They want not only economic union, as they have achieved by the "Common Market," they fear the communist hordes—and especially if the U.S.S.R. and the Peoples Republic of CHINA ever get together.

United now—since World War II—the Europeans have had to rely on the United States military power to protect them from further encroachments or nuclear attack from the Soviet Union.

Back during the final days of World War II, I was giving a commentary on the war news daily on the World To-



morrow radio program. We came to a point where the final coup de grace was expected hourly to be rendered on Germany by the Allies. But the Western Allies could not inflict that final death-blow until the Russians ended their part of the war in the eastern sector.

Day after day, hour after hour, we waited. But the Russians were in no hurry to END the war. They continued on, until they had taken over Latvia, Estonia and Lithuania—and until the Russian boot had been firmly planted on all Eastern Europe—including Eastern Germany. All these became the "satellite countries." They are spoken of as behind the "Iron Curtain."

All who know communist beliefs, aims and tactics, know that they are committed to waging this war, by propaganda, by infiltration and fifth-column tactics, by sabotage and guerilla warfare—and, when necessary, finally by open all-out nuclear war. The Soviet Union maintains a very huge standing army. The Soviet Union competes on a virtual parity with the U.S.A., as the world's two superpowers in military strength.

And the Europeans are *right on their border*. They know how communism did prove the "domino theory" correct in Viet Nam. They not only continued on from North Viet Nam to conquer South Viet Nam—even with full U.S.A. participation with its military force—but then quickly Cambodia and Laos fell. And, next in the "domino falldown" is to come Thailand, Burma, Malasia. Singapore a few years ago successfully stopped a threatened communist take-over—but now they are in the "domino" orbit.

The Europeans are far more disturbed about their safety in relying on United States military power to protect them than Americans realize! The United States is *not* loved in Europe. European confidence in U.S. protection against their next-door communist neighbor has been lessening and lessening.

EUROPEANS WANT THEIR OWN UNITED MILITARY POWER! They know that a political union of Europe would produce a THIRD MAJOR WORLD POWER, as strong as either the U.S. or the U.S.S.R.—*possibly stronger*!

They have made a real effort toward union, in the Common Market. It has made them economically strong. United they could become stronger economically than the United States. The dollar continues dropping in European and Japanese markets—and especially the German MARK has soared stronger and stronger!

But they well know there is but ONE POSSIBILITY of union of Europe—and that is through the Vatican.

Two leaders in Europe produced, a few years ago, two different plans for union. The former Archduke Otto von Hapsburg of Austria, and the "strong man of Europe," Dr. Franz-Josef Strauss of Munich. I know the latter well. He has been a dinner guest in my home.

Five years ago I felt, personally, that the more likely plan that might come to fruition was that of the former Archduke of Hapsburg, but the most likely man to HEAD such a union was Franz-Josef Strauss. However, we all become a year older every year, and there has been so much delay that a younger man may now head up such a European union.

As I said before, when Pope John XXIII was in process of election, I felt that the Pope elected might be the one who would make available his good offices to help political leaders of Europe bring about their hoped for union. But at once it became evident that Pope John had other ideas. He started the Ecumenical Movement, to bring about a different kind of union—a Church union between Protestants, Eastern Orthodox Catholics, and the Roman Catholics.

Then fifteen years ago, I thought Pope Paul might be the one to lead in this European political union. But the resurrection of the old "Holy Roman Empire" was again delayed. Pope Paul continued with Pope John's ecumenical union project. But that was not to be accomplished.



* * * * *

*PERSONAL FROM STANLEY R. RADER*

There has been a systematic effort to destroy the reputations of Mr. Herbert W. Armstrong and those closet to him. This effort was spear-headed by Garner Ted Armstrong, but aided and abetted by those seeking favor with him. Mr. Armstrong has written and spoken about this during the past few months, and I am certain that you will recall similar efforts on his part to correct the problem during the past several years.

Although my *record of performance* is well known and well documented, there has nonetheless been a conspiracy to place a *cloud* over it, and to impune my *character*, my *reputation* and my professional *integrity*. My financial arrangements with the Church, matters which are of record and known to all parties with the right to know them, have been falsely distorted and made to appear wrongful. Accordingly, I am taking this opportunity to share the record with you in order to put to rest once and for all the speculations and misapprehensions in this area.

When I first met Mr. Armstrong the Work was very small—the total gross revenues from all sources was less than $800,000 annually. Mr. Armstrong soon learned that he could *rely* on me to get *problems* solved—problems that were not being solved by others for whatever reasons. He asked me to represent the Work on a retainer basis. We agreed that the Work would prosper, and in time I would be compensated in accordance with the scriptural principle that "*a servant is worthy of his hire*." I had great faith in the Work and in Mr. Armstrong and I threw myself into

my responsibilities with the zeal and energy necessary to get the job done—with little regard to my compensation.

By 1969, I had helped Mr. Armstrong in many ways and we had come to love one another very much. We had a very special relationship which I shall always cherish as will my wife and my children. I was still very successful on two other fronts—in my law practice and in my public accounting practice. At that time, however, Mr. Armstrong and Mr. Portune asked me to come into the Work "*a little more*" by giving up all other professional activities that required my own commitment of time and energy. We agreed and, from that time forward, I devoted all my time, talent and energy to Mr. Armstrong and the Work. We agreed that whatever it took to meet my financial requirements would be provided.

Prior to 1969 the only financial dealings that I had with the Work were for the payment of my professional services, with one exception. At Mr. Armstrong's specific request in 1967, I managed to arrange for the financing of the first Falcon aircraft after all other attempts to do so by Mr. Portune and his colleagues in the business office had been unsuccessful. The only way that I was able to provide the financing for the completion of the purchase of the falcon from Pan American Airways was to arrange a tripartite agreement between Mid-Atlantic Leasing, Pan American Airways and the Church. Mid-Atlantic Leasing was a partnership which was formed for the transaction. The partnership was willing to act as the lessor *if* it would be guaranteed certain *tax shelter benefits*. Furthermore, since it was impossible for a partnership to be assured of the Church's credit-worthiness, the partnership required that 1) I take part in the transaction and that 2) I indemnify each of the other partners in the event of the Church's default in any material respect.



After careful consideration and much discussion with all parties, it was agreed that the financial arrangements were equitable for all parties and that my participation would not be in conflict with the Church or any professional responsibilities that I might have had as a result of my relationship to the Work as a lawyer and as an advisor to Mr. Armstrong.

At that time, it was also clearly foreseeable that at the termination of the lease the provisions of the tax law would result in a definite tax loss for me. The Church agreed to indemnify me from such loss if, in fact, it were to occur. In July 1977, the lease was terminated, but well in advance of the termination date provided for in the lease agreement. Accordingly, I am now in the process of calculating the actual economic loss that I have suffered as a result of the transaction that began in 1967.

In the fall of 1969, Mr. Armstrong decided to terminate the services of his advertising agency, M. B. Scott, Inc., and he determined that it would be in the best interest of the Work that the time-buying function be transferred to an agency that would be *more* under the control of the Work. Mr. Armstrong and Mr. Portune were both aware of my vast background and experience in the advertising field as a result of my contact over the years with Mr. Scott and other advertising agencies, as well as my broad overview of the entire communications field as a result of my law practice. Hence I was asked to form an Advertising Agency and to limit its activities to representation of the work.

From the late fall of 1969 until March 1975 when I was baptized, I was the president of Worldwide Advertising Inc., although several years prior to that time I had delegated away most of the day-by-day operation. During the years 1969 through 1975, copies of the Worldwide Advertising income tax returns were made available to Mr. Portune and my remunneration to Worldwide Advertising was, of

course, included as an important item on those tax returns. In 1975, upon my baptism, and of course after becoming a diretor and an officer of the church and the college, it was necessary for me to divest myself of any and all interest in Worldwide Advertising.

Prior to 1971, I never lived in a faculty or college home. Although Mr. Armstrong, and others thought it would be better for me to live in the Pasadena area, my wife was unwilling to make the move from Beverly Hills and hence we did not. In 1971, however, it became clear to Mr. Armstrong, to Mr. Portune and to me that there would be benefits of a substantial nature to the Work if I were to be able to undertake the responsibility of seeing to the needs of the very important overseas visitors that were coming to California at Mr. Armstrong's invitation, and also to maintain a residence that would lend itself to the type of formal and large scale receptions also necessary to fulfill the various responsibilities of the Work as a result of its ever-increasing activities throughout the World.

Accordingly, a more appropriate home was found in Beverly that was, in Mr. Armstrong's opinion, the perfect residence for such activities. We did not feel, however, that it would be possible for me to live in such a residence on a tax-free basis as did our ministers and faculty members. Hence, we agreed that I would purchase the home. Financing would be arranged with the help of the Church and my remuneration would be adequate to cover the increased costs.

For many, many years Mr. Armstrong has stated on more than one occasion that I am the highest-paid individual in the Church. This fact is well known to responsible persons at Headquarters. Whether I should be the most highly-paid person in the Work, of course, is something for Mr. Armstrong, as Christ's apostle, to decide. I do not feel, however,

PAGE 1 of 12



*General Civil Practice*
*Administrative, Constitutional, Civil Rights, Corporate, Copyright, Immigration and Nationality, College and University Law*
*Trials and Appeals*

## RADER, HELGE & GERSON

SUITE 540, GROSVENOR PLAZA
150 SOUTH LOS ROBLES AVENUE
PASADENA, CALIFORNIA 91101

*Telephone:*
*(213) 577-5380*

Los Angeles Office: Suite 1330, 10100 Santa Monica Boulevard
Telephone: (213) 552-1717

### MEMBERS OF FIRM

Stanley R. Rader, born White Plains, New York, August 13, 1930; admitted to bar, 1964, California; 1969, U.S. Supreme Court. Preparatory education, St. Lawrence University (A.A., 1949) and University of California at Los Angeles (B.S., 1951); legal education, University of Southern California (J.D., 1963). *Fraternities:* Order of the Coif; Phi Alpha Delta; Phi Kappa Phi. Certified Public Accountant, California, 1954. Lecturer, University of Southern California, Contracts and Introduction to Law, 1963-1965. Trustee: Los Angeles Ballet Society, 1977—; Fonds Leopold, III, Belgium, 1977—. Ambassador: International Cultural Foundation, California and Tokyo, Japan, 1977—. Director, Arthur Rubenstein International Competition, 1977—. *Member:* Beverly Hills, Los Angeles County and American Bar Associations; State Bar of California; American Institute of Certified Public Accountants; California Society of Certified Public Accountants; Association of Attorneys and CPA's.

Ralph K. Helge, born Chicago, Illinois, February 19, 1929; admitted to bar, 1954, Illinois; 1961, California; 1964, U.S. Court of Appeals, Seventh Circuit; 1966, U.S. Court of Appeals, Ninth Circuit; 1970, U.S. Court of Appeals, Fifth Circuit; 1971, U.S. Supreme Court; 1975, U.S. Court of Appeals, Tenth Circuit. Preparatory education, Northwestern University and Woodrow Wilson College; legal education, DePaul University (J.D., 1954) and University of Southern California. Business Manager, DePaul Law Review, 1951-1952. Recipient, American Jurisprudence Award, Contracts. Appeal Agent, Selective Service System, 1964-1970. Contributor and Advisor, "Recommendations Relating to Nonprofit Corporation Law," California Law Revision Commission, November, 1976. *Member:* Los Angeles County Bar Association; State Bar of California; The Association of Trial Lawyers of America.

Morton M. Gerson, born Los Angeles, California, March 15, 1934; admitted to bar, 1959, California. Preparatory education, University of California at Los Angeles (B.A., 1955); legal education, University of Southern California (LL.B., 1958). *Fraternity:* Phi Alpha Delta. Director, Ambassador International Cultural Foundation, 1975—. *Member:* Beverly Hills and Los Angeles County Bar Associations; State Bar of California.

REPRESENTATIVE CLIENTS: Ambassador College, Pasadena, California; World Wide Church of God; Ambassador International Cultural Foundation; World Wide Advertising, Inc.; Superior Meat Co.; W & J Sloane of Beverly Hills, Inc.; Modern Office Supply Co., Inc.; Zenith Travel Service, Inc.

---

*General Civil Practice*
*Probate and Family Law*

## R. P. REDDINGIUS

SUITE 202, 234 EAST COLORADO BOULEVARD
PASADENA, CALIFORNIA 91101

*Telephones:*
*(213) 795-2117*
*681-5043*

Robert P. Reddingius, born Minneapolis, Minnesota, June 4, 1920; admitted to bar, 1951, California. Preparatory education, University of California at Berkeley (B.A., 1943); legal education, Hastings College of Law, University of California (J.D., 1950). *Fraternity:* Delta Theta Phi. Licensed Real Estate Broker, California, 1962. *Member:* Pasadena and Los Angeles County Bar Associations; State Bar of California. [Capt., U.S. Marine Corps, 1943-1946]

REFERENCE: Security Pacific National Bank (Main Office).

GIBSON B

38

*General Civil Practice*
*Administrative, Constitutional, Civil Rights, Corporate, Copyright, Immigration and Nationality, College and University Law*
*Trials and Appeals*

## RADER, HELGE & GERSON

SUITE 540, GROSVENOR PLAZA
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PASADENA, CALIFORNIA 91101

*Telephone:*
*(213) 577-5380*

Los Angeles Office: Suite 1330, 10100 Santa Monica Boulevard
Telephone: (213) 552-1717

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*Probate and Family Law*

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REFERENCE: Security Pacific National Bank (Main Office).

GIBSON B

38A

FULL REVISION

DUNS: 04-646-2487
WORLD WIDE CHURCH OF GOD INC

BOX 111
300 W GREEN ST
PASADENA CA 91105
TEL 213 577-5248

JUL 18 1978

SIC NOS.
86 61

SUMMARY
RATING ER2

STARTED 1947
PAYMENTS SEE BELOW
EMPLOYS 746
HISTORY INCOMPLETE

HERBERT W ARMSTRONG, PRES

SPECIAL EVENTS: New officers: Stanley R Rader, treasurer and Ralph Helge, secretary.

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)

| REPORTED | PAYING RECORD | HIGH CREDIT | NOW OWES | PAST DUE | SELLING TERMS | LAST SALE WITHIN |
|---|---|---|---|---|---|---|
| 7/78 | Ppt | | -0- | -0- | | |
| | Ppt-Slow 45 | 30000 | 5000 | 2500 | N30 | 1 Mo |
| 6/78 | Slow 45 | | -0- | -0- | | |
| | (4) | 1000 | -0- | -0- | | |
| | (5) | 100 | -0- | -0- | | |
| 5/78 | Ppt | 250 | -0- | -0- | | 2-3 Mos |
| 3/78 | Disc | 1000 | -0- | -0- | 2 10 EOM | |
| 1/78 | Ppt | 2500 | 2500 | | Regular terms | |
| 12/77 | Disc | 100 | -0- | -0- | | |
| 11/77 | Ppt-Slow 30 | 7500 | -0- | -0- | | |
| | (11) | 500 | -0- | -0- | N30 | |
| 10/77 | Ppt | 60000 | 30000 | 5000 | N30 | 1 Mo |
| | Ppt | 500 | 250 | -0- | N30 | 1 Mo |
| | Ppt | | -0- | -0- | N30 | 2-3 Mos |
| | Slow 15 | 250 | -0- | -0- | N30 | 1 Mo |

On 07/18/78 management uavailable for comment.

FINANCE

On Jul 18 1978 principals were absent. Ellen Smith, secretary, declined financial information.

HISTORY

HERBERT W ARMSTONG, PRES RALPH HELGE, SEC
STANLEY R RADER, TREAS
DIRECTORS: The officers

Non-profit organization chartered in California Feb 20 1947. Later changed name by charter amendment from Radio Church of God (Inc).

Organized for the purposes of conducting churches throughout the U S. Closely affiliated with Ambassador College (Inc), a non -profit organization operating liberal arts school for training in church work.

Dec 31 1973 current assets $7,503,566; total assets $75,446,382; current liabilities $5,484,114; deferred liabilities $15,141,743; and net worth of $54,507,049 and good commercial condition. Inter company relations not learned.

Above officers hold identical officers there.

HERBERT W ARMSTONG born 1896, married. 1925 to 1933 active in advertsing line. In 1936 established the Church of God in Portland, Oregon. Operations expanded with Armstrong operating at Eugene, Oregon, as Radio Church of God. The business subsequently moved to Pasadena, Ca, in 1947 corporation succeeded.

STANLEY R RADER is treasurer of Ambassador College. In 1976 he succeeded Frank Brown as secretary and treasurer.

OPERATION

A non profit organization operating many churches throughout the U S and the World with most facilities for church services and buildings rented with the exception of church on West 8th St, Eugene, Oregon and Big Sandy, Texas, although corporation owns other real estate throughout the World.

EMPLOYEES: 746. Organization is maintained through contributions and gifts.

LOCATION: Headquarters are located with Ambassador College on the floor of modern four story concrete building on secondary commercial street in close-in residential

(CONTINUED)

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GIBSON C

OPERATION
(Cont'd) and business area. Building in normal repair. Premises attractive. BRANCHES: At West 8th St, Eugene, Oregon, Big Sandy, Texas. 321-408 Granville, Vancouver, British Columbia, at Osage Beach, Missouri and at Mount Pocono, Pennsylvania, 18344. P O Box 555, and at P O Box 111., Dells, Wisconsin.
09-20(825 /905)0000/00 10314 053

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0636

FULL REVISION

DUNS: 07-065-0865
AMBASSADOR INTERNATIONAL
CULTURAL FOUNDATION (INC)

300 W GREEN ST
PASADENA CA 91105
TEL 213 577-5440

SEP 28 1978

CULTURAL
ORGANIZATION

SIC NOS.
79 99

RATING EE5

STARTED 1975
PAYMENTS SEE BELOW
EMPLOYS 20
HISTORY INCOMPLETE

HERBERT ARMSTRONG, PRES

SPECIAL EVENTS: Present control succeeded Aug 31 1978.

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)

| REPORTED | PAYING RECORD | HIGH CREDIT | NOW OWES | PAST DUE | SELLING TERMS | LAST SA WITHI |
|---|---|---|---|---|---|---|
| 5/78 | Ppt | 50 | 50 | -0- | | 1 Mo |

FINANCE

On Sep 28 1978 Mrs Crossen, secretary, deferred financial statement.

HISTORY

HERBERT ARMSTRONG, PRES

STANLEY RADER, EX VPRES
RALPH HELGE, SEC

ROBERT KUHN, V PRES FOR PROFORMING ARTS
HENRY CORNWALL, TREAS

DIRECTORS: The officers and Ramona Armstrong, C Wayne Cole.

Incorporated California Mar 14 1975 as a non profit organization. Incorprating directors Grover T Armstrong, Robert Kahn and Ralph Helge.

HERBERT W ARMSTRONG born 1896 married. 1925-33 active in advertizing line. 1936 established the chruch of God in Portland, Oregon. Operations expanded with Armstrong operating at Eugene, Oregon, as radio church.

STANLEY R RADER. Treasurer of Ambassador College. 1973 he succeeded Frank Br. as secretary.

ROBERT KUHN. Presently with Ambassador College as professor.

HENRY CORNWELL. Currently with world wide advertizing in Century City.

C Wayne Cole, trustee for Ambassador College also director for Pastoral Administration at World Wide Church of God.

OPERATION

Provides social functions such as concerts and lectures. Also publishes magazi known as "The Quest" which is reported to be small portion of total income.

EMPLOYEES: Employs 20 plus including officers.

FACILITIES: Shares office with Ambassador College on third floor in four story mod concrete building on secondary commercial street.

10-06(826 /917)4370/03 10314 053

THIS REPORT, FURNISHED PURSUANT TO CONTRACT FOR THE EXCLUSIVE USE OF THE SUBSCRIBER AS ONE FACTOR TO CONSIDER IN CONNECTION WITH CR INSURANCE MARKETING OR OTHER BUSINESS DECISIONS, CONTAINS INFORMATION COMPILED FROM SOURCES WHICH DUN & BRADSTREET, INC. DOES NOT CONTROL WHOSE INFORMATION UNLESS OTHERWISE INDICATED IN THE REPORT, HAS NOT BEEN VERIFIED. IN FURNISHING THIS REPORT, DUN & BRADSTREET, INC. IN NO ASSUMES ANY PART OF THE USER'S BUSINESS RISK, DOES NOT GUARANTEE THE ACCURACY, COMPLETENESS, OR TIMELINESS OF THE INFORMATION PROVIDED SHALL NOT BE LIABLE FOR ANY LOSS OR INJURY WHATEVER RESULTING FROM CONTINGENCIES BEYOND ITS CONTROL OR FROM NEGLIGENCE

GIBSON D

Loma Vista Drive

ADDRESS GIVEN ABOVE

SPACE ABOVE THIS LINE FOR RECORDER'S USE

# Individual Grant Deed

THIS FORM FURNISHED BY TICOR TITLE INSURANCE

A.P.N.

The undersigned grantor(s) declare(s):
Documentary transfer tax is $ 1,980.00
( X ) computed on full value of property conveyed, or
( ) computed on full value less value of liens and encumbrances remaining at time of sale.
( ) Unincorporated area: ( X ) City of BEVERLY HILLS, and

**FOR A VALUABLE CONSIDERATION**, receipt of which is hereby acknowledged,

STANLEY R. RADER AND NATALIE RADER, husband and wife,

hereby GRANT(S) to

IRWIN WINKLER AND MARGO WINKLER, husband and wife, as their community property,

the following described real property in the CITY OF BEVERLY HILLS,
County of LOS ANGELES, State of California:

Lot 30 of Tract No. 7447, as per map recorded in Book 86, Page 6 of Maps, in the office of the County Recorder of said County.

EXCEPTING from said Lot that portion thereof, described as follows:

Beginning at most Northerly corner of said Lot 30, the same being the Easterly line of Loma Vista Drive, as shown on Map of Tract No. 7447; thence South 75° 57' 32" East, along the Northerly line of said Lot, 160.54 feet, to Northeast corner of said Lot; thence South 10° 41' 56" West, along Easterly line of said Lot, 57.00 feet; thence South 7° 03' 40" East, along Easterly line of said Lot, 115.50 feet; thence North 43° 33' 18" West, 242.00 feet to a point on Easterly line of Loma Vista Drive, said Easterly line being a curve, concave Westerly, having a radius of 379.91 feet the radial bearing of said curve from said point being North 75° 10' 18" West; thence Northerly along said curve line, the same being the Easterly line of Loma Vista Drive, 35.00 feet to the point of beginning.

Dated June 23, 1978

Stanley R. Rader, by
Allen Browne, his Attorney-in-Fact.

Natalie Rader, by
Allen Browne, her Attorney-in-Fact.

STATE OF CALIFORNIA
COUNTY OF } ss

On before me, the undersigned, a Notary Public in and for said State, personally appeared

known to me to be the person whose name subscribed to the within instrument and acknowledged that executed the same.
WITNESS my hand and official seal.

Signature

(This area for official notarial seal)

Title Order No. 279368-R Escrow or Loan No.

MAIL TAX STATEMENTS AS DIRECTED ABOVE

GIBSON E

42

that I should be embarrassed that Mr. Armstrong has felt that I have been a servant worthy of his hire."

I have had no other financial dealings with the Work and I have never been involved as a recipient directly or indirectly of any favor, financial or otherwise, from any person or institution that has had dealings with the Work. My reputation in the community is without blemish and I intend to keep it that way.

. . .

With Christian love,
Stan Rader

. . .



## DECLARATION OF BENJAMIN CHAPMAN

1. My name is Benjamin Chapman, and my business address is Department of Theology, Ambassador College, 300 West Green Street, Pasadena, California. I am above the age of eighteen years and, if called as a witness, I could testify to the following out of my own knowledge.

2. I am making this Declaration with the understanding that it will not be used in any way for the personal financial gain of myself, or of any other individual, but for the collective good of all the members of the Worldwide Church of God, and with the hope that greater fiscal responsibility will be achieved in the Worldwide Church of God.

3. I hold a Bachelor of Science degree from UCLA in Engineering, which I earned in 1957. I also hold a Bachelor of Arts degree from Ambassador College, and a Master's degree in Theology from that same institution. I am presently employed full time as an Instructor in Theology at Ambassador College and as a Pastor in the Worldwide Church of God.

4. Richard David Armstrong, the eldest son of Herbert W. Armstrong, died in the 1950s. I married his former wife in 1961 and we have been married ever since. Because of this, I have been almost a member of Mr. Armstrong's family for many years.

5. I am presently, and I have been since 1963, a Pastor of the Worldwide Church of God. In 1963, the Church sent me and my family to Texas, where I pastored congregations in Dallas and Fort Worth. In 1964, I also became a faculty member, administrator and minister at the Big Sandy campus of Ambassador College, in Texas, and I occupied that position until 1973, when I was called to Pasadena to become the Manager of the Data-Processing Department and, later, Director of Circulation for the Church.

6. To my recollection, it was in the early part of 1974 that Mr. Herbert W. Armstrong appointed me to sit on the Board of Directors of the Worldwide Church of God, Inc., and I occupied a position on that Board for a number of months. At that time, a Mr. David John Hill was a teacher at Ambassador College and was also a member of the Board of Directors of Ambassador College, Inc. It was brought to the attention of Mr. Armstrong that a conflict of interest might exist because of Mr. Hill's dual role as an employee and director of the College, so I was asked by Mr. Armstrong to swap Board positions with Mr. Hill, and in that way I became a member of the College Board. I served in that capacity until the Spring of 1975, when I was asked by Mr. Armstrong to resign my position on the College Board.

7. To my knowledge, all members of the boards of directors of the Worldwide Church of God, Inc., Ambassador College, Inc., and Ambassador International Cultural Foundation, Inc., are and always have been appointed by or under the direction of Mr. Herbert W. Armstrong. Mr. Armstrong also personally approves ordination of all Church Pastors. In recent years, he has accepted recommendations from others regarding ordination.

8. During 1974 and 1975, I was employed full time as Director of Circulation for the Worldwide Church of God, Inc. My duties in that position included supervision of all the data-processing functions of the Church, and so I became familiar with a number of the reporting procedures in use in the Church at that time, especially those concerning media and literature requests and responses.

9. I have been employed full time by either the Worldwide Church of God, Inc., or Ambassador College, Inc., for over eighteen years. Because of my long and continuous association with the Church, I am familiar with Church



doctrine and practices, and with the evolution of those doctrines and practices over the last fifteen years.

10. The Church maintains a computerized data-base of all persons who either receive its literature, participate in its ecclesiastical functions, or contribute money to it. This data base supports a subscriber development system, which is one of the means by which the Work of the Church is accomplished.

11. To my knowledge, no member of the Church, regardless of the amount of frequency of his financial contributions to the Church, has ever, at any time, been asked to vote, or ever has actually voted, upon any matter concerning the governance of the Church: even upon matters which are not ecclesiastical, such as the selection of directors or the expenditure of Church funds. And despite the fact that I served on the Board of Directors of both the Church itself and the College, I myself never had an opportunity to express my personal opinion on any Church matter by means of a vote. Instead, I and the other board members were simply asked to approve decisions made by Herbert W. Armstrong or in his name. I am acquainted with members of the boards of various corporations affiliated with the Church and, to my knowledge, the role I played as a Board member of the Church and then of the College is typical of the role played by the other members of the boards involved.

12. To my knowledge, all Church funds are received from charitable contributions made to the Church. Very little of these funds is earned from income from Church investments. This has always been true and, as far as I know, continues to be true to the present day.

13. All these charitable contributions are made to the Worldwide Church of God for the purpose of furthering its

religious mission, which is referred to in the Church as "the Work". Contributions from all over the United States are received by and deposited to the bank accounts of Worldwide Church of God, Inc., Ambassador College, Inc., and Ambassador International Cultural Foundation, Inc., all in Pasadena, and all disbursements of those funds are made by those same corporations.

14. Financial reports of Church receipts and disbursements are disseminated to members of the Church from time to time, but these reports are never detailed more than a simple balance sheet and income statement, and the members of the Church do not generally have access to the records which would substantiate them. Part of the financial reporting has been done orally: Mr. Armstrong and Mr. Stanley Rader read portions of the reports to the congregations assembled to observe the Feast of Tabernacles. Some of the reporting is done in written form: a copy of one such recent report, which appeared in two separate issues of *The Good News*, is attached here as Exhibit "A".

15. I recognize the Pastor General Expense Report attached here as Exhibit "B" to be in the form customarily given to such documents in the Church. Judging from its form and content, and based on my personal knowledge of the character and magnitude of the expenditures in these categories at that time, I believe it to be what it purports to be: a copy of a report actually made within the Church; and I believe it reflects with substantial accuracy the actual expenditures borne by the Church during the time period it purports to cover. Although I am no longer a member of the Board of the Church, nor Director of Circulation, I believe that the expenditures reflected in the attached Exhibit "B" are continuing today.

16. Other reports, which were computer-generated, were regularly made and delivered to select individuals in



the Church at all times while I was Director of Circulation for the Church. I believe that those same reports, or other reports substantially similar to them, are still generated and circulated within the Church today.

17. I have known Mr. Stanley R. Rader for nearly eighteen years. I met him when we were both involved in the Work in Bricket Wood, England, in 1960.

18. Mr. Rader is presently a lawyer, and a C.P.A., and has advised and counseled Mr. Herbert W. Armstrong on Church affairs for many years. Mr. Rader became a lawyer since the time I originally met him, and ever since he became an attorney he has been, as far as I know, a member of the Bar of the State of California. Mr. Rader has effective control over and responsibility for the legal affairs of the Church, and has had this control and responsibility for several years. Recently, in his capacity as Treasurer of the Worldwide Church of God, Inc.—a post to which he was appointed some months ago—he has taken financial responsibility and control as well.

19. Mr. Herbert W. Armstrong is now eighty-six years old, and while he is still in possession of most of his faculties, he is beginning to suffer from certain of the disabilities of advanced age. Over the years, Mr. Rader has gained the confidence and trust of Mr. Armstrong to such an extent that recently, as far as I can perceive, Mr. Armstrong no longer makes important legal or financial decisions himself, and is advised or influenced by few persons other than Mr. Rader. In consequence, it appears to me that as of this date, Mr. Herbert W. Armstrong is effectively guided by Mr. Rader in all Church matters and affairs.

I declare under penalty of perjury that all the foregoing is true and correct.

# PASTOR GENERAL DEPARTMENT

## REPORT OF EXPENDITURES

July 1, 1975 through June 30, 1976

Prepared by

Accounting Department

July 6, 1976

CHAPMAN CO

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PASTOR GENERAL - SUMMARY OF EXPENDITURES

July 1, 1975 Through June 30, 1976

| Cost Center | Description | Actual | Budget | Variance | |
|---|---|---|---|---|---|
| 2-6510 | Pastor General | $1,723,930 | $1,260,000 | $463,930 | Over Budget |
| 2-6511 | P. G. Campaigns | 136,374 | 500,000 | 363,626 | Under Budget |
| 2-1420 | AICF tokyo | 87,528 | Ø | 87,528 | Over Budget |
| | Chancellor's Projects | 83,811 | Ø | 83,811 | Over Budget |
| | | $2,031,643 | $1,760,000 | $271,643 | Over Budget |

# PASTOR GENERAL - EXPENDITURES

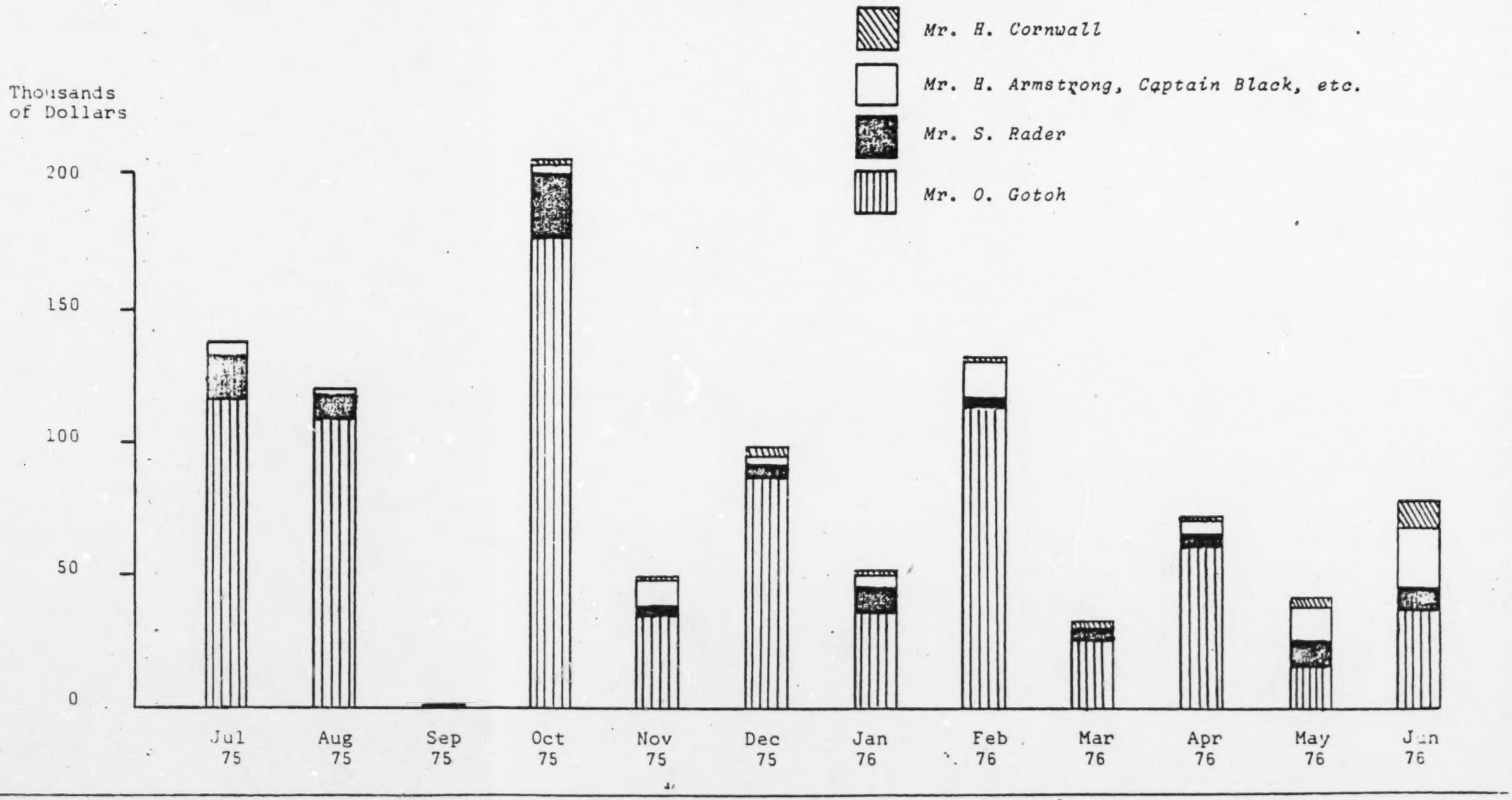
July 1, 1975 Through June 30, 1976

| Acct. # | Account | Totals | Pastor General | Pastor General Campaigns | AICF Tokyo | ICCY Israel | Thailand Mt. Tribe Program | Jerusalem Excav. S Wall | Jerusalem Excav. Upper City | Chancellor's Scholarships |
|---|---|---|---|---|---|---|---|---|---|---|
| 2 1 | Salaries | $ 62,948 | $ 62,948 | | | | | | | |
| 2 0 | Professional Fees | (10,460) | 4,540 | ($ 15,000) | | | | | | |
| 3 3 | Print Insertions | 52 | | 52 | | | | | | |
| 0 | Telephone & Telex | 12,383 | 12,383 | | | | | | | |
| 3 7 | Freight | 5,997 | 1,184 | 4,813 | | | | | | |
| 3 0 | Travel & Lodging | 889,485 | 804,927 | 83,185 | $ 1,373 | | | | | |
| 3 3 | Contracted Services | 24,203 | 14,119 | 10,084 | | | | | | |
| 3 7 | Maintenance & Repair | 2,011 | 2,011 | | | | | | | |
| 3 5 | Outside Food Service | 1,013 | 1,013 | | | | | | | |
| 4 0 | Office Supplies | 919 | 919 | | | | | | | |
| 4 1 | Misc. Supplies | 1,669 | 1,669 | | | | | | | |
| 4 3 | Production Supplies | 3,518 | 3,344 | 174 | | | | | | |
| 4 1 | Petroleum Products | 461 | 461 | | | | | | | |
| 4 7 | Books & Periodicals | 12 | 12 | | | | | | | |
| 4 2 | Allocation to Branches | 25,061 | 25,061 | | | | | | | |
| 0 | Property & Bldg. Rent | 780 | | 780 | | | | | | |
| 5 0 | Insurance Premiums | 2,530 | 2,530 | | | | | | | |
| 5 0 | Public Relations | 819,346 | 766,422 | 52,924 | | | | | | |
| 5 0 | All Other | 9,882 | 10,387 | (638) | 133 | | | | | |
| 6 0 | Employee Grants-in-Aids | 120 | | | | | | | | $120 |
| 9 1 | Grants-in-Aid | 179,713 | 10,000 | | 86,022 | $12,500 | $43,391 | $26,200 | $1,600 | |
| | Totals | $2,031,643 | $1,723,930 | $136,374 | $87,528 | $12,500 | $43,391 | $26,200 | $1,600 | $120 |

PASTOR GENERAL - MONTHLY EXPENDITURES

July 1, 1975 Through June 30, 1976

| Cost Center: | Pastor General | Pastor General Campaigns | AICF Tokyo | Chancellor's Projects | Actual | Budget | Variance |
|---|---|---|---|---|---|---|---|
| July 1975 | $ 179,335 | $ 47,685 | $ Ø | $ 4,567 | $ 231,587 | $ 147,821 | $ 83,766 Over Budget |
| August 1975 | 195,706 | 11,704 | Ø | 5,366 | 212,776 | 146,431 | 66,345 Over Budget |
| Sept. 1975 | 55,583 | Ø | Ø | 30,487 | 86,070 | 146,431 | 60,351 Under Budget |
| Oct. 1975 | 358,653 | Ø | 25,019 | Ø | 383,672 | 146,431 | 237,241 Over Budget |
| Nov. 1975 | 121,828 | (15,000) | 10,022 | Ø | 116,850 | 146,433 | 29,583 Under Budget |
| Dec. 1975 | 188,169 | 13,467 | 10,021 | 3,391 | 215,048 | 147,823 | 67,225 Over Budget |
| Jan. 1976 | 80,691 | 9,636 | 11,395 | 40,000 | 141,722 | 146,433 | 4,711 Under Budget |
| Feb. 1976 | 197,058 | 13,399 | 10,022 | Ø | 220,479 | 146,433 | 74,046 Over Budget |
| March 1976 | 38,133 | 10,852 | 10,021 | Ø | 59,006 | 146,441 | 87,435 Under Budget |
| April 1976 | 81,768 | 40,207 | 11,022 | Ø | 132,997 | 146,441 | 13,444 Under Budget |
| May 1976 | 89,078 | 1,272 | 5,016 | Ø | 95,296 | 146,441 | 51,145 Under Budget |
| June 1976 | 137,928 | 3,152 | (5,010) | Ø | 136,069 | 146,000 | 9,931 Under Budget |
| Total | $1,723,930 | $136,374 | $87,528 | $83,811 | | | |




CREDIT CARD USAGE FOR PASTOR GENERAL TRAVEL & LODGING AND PUBLIC RELATIONS

Source: Expenditure Distribution Report - Monthly Payments to Credit Card Companies

# CREDIT CARD USAGE FOR PASTOR GENERAL TRAVEL & LODGING & PUBLIC RELATIONS

| | 8/75 | 9/75 | 10/75 | 11/75 | 12/75 | 1/76 | 2/76 | 3/76 | 4/76 | 5/76 | 6/76 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| -6, .69 | $102,328.57 | $1,381.88 | $ 85,451.36 | $26,553.71 | $23,047.46 | $22,809.24 | $ 40,721.63 | $ 9,358.02 | $31,401.63 | $25,245.13 | $64,660.85 |
| 2, .04 | 5,953.40 | Ø | 120,367.72 | 23,299.05 | 75,157.63 | 19,597.00 | 80,752.12 | 13,932.97 | 1,109.34 | 16,861.96 | 18,483.13 |
| 7, .10 | 11,703.51 | Ø | Ø | Ø | Ø | 452.10 | 10,650.15 | 9,972.76 | 526.13 | Ø | Ø |
| | Ø | Ø | Ø | Ø | Ø | 9,180.33 | Ø | Ø | 39,591.46 | Ø | Ø |
| 7, .83 | $119,985.48 | $1,381.88 | $205,819.08 | $49,852.76 | $98,205.09 | $52,038.67 | $132,123.90 | $33,263.75 | $72,628.56 | $42,107.09 | $83,143.98 |

tal Credit Card Activity for Account Code #'s 6510-350, 6510-370, 6511-350, and 6511-370, respectively $1,027,989.07

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 11.67 | $ 514.73 | $ Ø | $ 2,149.73 | $ 1,627.00 | $ 3,487.11 | $ 1,705.02 | $ 1,655.47 | $ 2,669.54 | $ 1,576.91 | $ 3,648.91 | $ 3,399.79 |
| | | | | | | | | | | | 2,807.05 |
| 11.67 | $ 514.73 | Ø | $ 2,149.73 | $ 1,627.00 | $ 3,487.11 | $ 1,705.02 | $ 1,655.47 | $ 2,669.54 | $ 1,576.91 | $ 3,648.91 | $ 6,206.84 |

tal Credit Card Activity for Account Code #'s 6510-350 and 6510-370 - Mr. H. Cornwall $25,452.93

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 7, 11.69 | $ 90,769.27 | $ 114.24 | $ 68,512.16 | $15,839.19 | $11,507.58 | $ 7,246.20 | $ 23,528.27 | $ 2,256.28 | $20,365.95 | $ 9,098.74 | $30,886.57 |
| | 5,953.40 | | 107,687.02 | 19,003.72 | 75,157.63 | 19,597.00 | 78,892.65 | 13,932.78 | 682.23 | 6,730.85 | 8,507.57 |
| , 71.10 | 11,703.51 | | | | | 452.10 | 10,650.15 | 9,972.76 | 526.13 | | |
| | | | | | | 9,180.33 | | | 39,591.46 | | |
| 15, 35.79 | $108,426.18 | $ 114.24 | $176,199.18 | $34,842.91 | $86,665.21 | $36,475.63 | $113,071.07 | $26,161.82 | $61,165.77 | $15,829.59 | $39,394.14 |

tal Credit Card Activity for Account Code #'s 6510-350, 6510-370, 6511-350, and 6511-370, respectively for Mr. O. Gotoh $813,931.53

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 6, 55.25 | $ 9,285.21 | $ 257.37 | $ 11,978.87 | $ 3,810.36 | $ 5,356.06 | $ 9,539.35 | $ 2,334.69 | $ 3,338.65 | $ 4,627.41 | $ 185.53 | $ 2,749.53 |
| 154.54 | | | 12,680.70 | | | | 1,859.47 | | 427.11 | 10,131.11 | 7,168.51 |
| 16, 09.79 | $ 9,285.21 | $ 257.37 | $ 24,659.57 | $ 3,810.36 | $ 5,356.06 | $ 9,539.35 | $ 4,194.16 | $ 3,338.65 | $ 5,054.52 | $10,316.64 | $ 9,918.04 |

tal Credit Card Activity for Account Code #'s 6510-350, and 6510-370 - Mr. S. Rader $102,539.72

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 58 | $ 1,759.30 | $1,010.27 | $ 2,810.60 | $ 9,572.49 | $ 2,696.71 | $4,315.67 | $ 13,203.20 | $ 1,093.74 | $ 4,831.36 | $12,311.05 | $ |

PASTOR GENERAL - MONTHLY EXPENDITURES
ACCOUNT 350 - TRAVEL & LODGING

July 1, 1975 Through June 30, 1976

| Month | Pastor General | Pastor General Campaigns | Amount | Budget | Variance |
|---|---|---|---|---|---|
| July | $130,380.54 | $47,674.10 | $178,054.64 | $ 100,416.40 | $ 77,638.24 Over Budget |
| August | 119,218.80 | 11,703.51 | 130,922.31 | 100,416.40 | 30,505.91 Over Budget |
| September | 9,268.11 | Ø | 9,268.11 | 100,416.40 | 91,148.29 Under Budget |
| October | 119,682.00 | Ø | 119,682.00 | 100,416.40 | 19,265.60 Over Budget |
| November | 51,223.90 | Ø | 51,223.90 | 100,416.40 | 49,192.50 Under Budget |
| December | 50,361.94 | 1,814.20 | 52,176.14 | 100,416.40 | 48,240.26 Under Budget |
| January | 50,594.08 | 452.10 | 51,046.18 | 100,416.40 | 49,370.22 Under Budget |
| February | 55,971.13 | 10,650.15 | 66,621.28 | 100,416.40 | 33,795.12 Under Budget |
| March | 23,909.62 | 10,365.16 | 34,274.78 | 100,416.40 | 66,141.62 Under Budget |
| April | 58,812.94 | 526.13 | 59,339.07 | 100,416.40 | 41,077.33 Under Budget |
| May | 62,274.00 | Ø | 62,274.00 | 100,416.40 | 38,142.40 Under Budget |
| June | 73,230.74 | Ø | 73,230.74 | 100,416.40 | 37,185.66 Under Budget |
| | $804,927.80 | $83,185.35 | $888,113.15 | | |

# EXPENSE ANALYSIS SUMMARY

## PASTOR GENERAL EXPENSES - ACCOUNT 570 - PUBLIC RELATIONS*

July 1, 1975 - June 30, 1976

| (A) VIP Travel, Lodging & Entertainment | | | (C) Film & Film Processing | | | (E) Testimonial Dinners & Overseas Campaigns | | |
|---|---|---|---|---|---|---|---|---|
| July | $ 6,861.16 | | July | $2,272.64 | | July | $ 4,600.00 | |
| Aug. | 42,495.17 | | Aug. | 536.02 | | Aug. | 5,000.00 | |
| Sept. | 7,385.93 | | Sept. | 1,419.43 | | Sept. | 4,420.00 | |
| Oct. | 91,344.55 | | Oct. | 153.70 | | Oct. | 107,174.10 | |
| Nov. | (2,040.42) | | Nov. | Ø | | Nov. | 23,177.60 | |
| Dec. | 13,263.18 | | Dec. | 2,178.10 | | Dec. | 64,840.18 | |
| Jan. | 7,056.24 | | Jan. | Ø | | Jan. | 28,261.27 | |
| Feb. | 17,257.94 | | Feb. | Ø | | Feb. | 106,912.37 | |
| Mar. | 3,651.87 | | Mar. | Ø | | Mar. | 15,378.97 | |
| Apr. | 8,731.58 | | Apr. | Ø | | Apr. | 39,591.46 | |
| May | 18,927.79 | | May | Ø | | May | Ø | |
| June | 11,314.62 | $226,249.61 | June | Ø | 6,559.89 | June | 3,152.00 | 402,507.95 |
| (B) Gifts | | | (D) Contracted Services | | | (F) Miscellaneous | | |
| July | $ 22,538.74 | | July | $ 3,100.00 | | July | $ Ø | |
| Aug. | 6,961.37 | | Aug. | 24,750.00 | | Aug. | 65,440.00 | |
| Sept. | 5,592.99 | | Sept. | 7,000.00 | | Sept. | 13,840.00 | |
| Oct. | 24,923.10 | | Oct. | 104.97 | | Oct. | Ø | |
| Nov. | 10,845.63 | | Nov. | 2,820.02 | | Nov. | 18,248.00 | |
| Dec. | 12,583.37 | | Dec. | Ø | | Dec. | 46,235.79 | |
| Jan. | 3,177.03 | | Jan. | Ø | | Jan. | Ø | |
| Feb. | 6,451.09 | | Feb. | Ø | | Feb. | 1,654.50 | |
| Mar. | 4,543.36 | | Mar. | Ø | | Mar. | Ø | |
| Apr. | 940.27 | | Apr. | Ø | | Apr. | Ø | |
| May | Ø | | May | Ø | | May | Ø | |
| June | 16,524.00 | 115,080.95 | June | 19,300.00 | 57,074.99 | June | 119.32 | 145,537.61 |

| | |
|---|---|
| GRAND TOTAL | $953,011.00 |

*For Cost Centers 6510, 6511, 1400 (July - Dec. 1975)

# EXPENSE ANALYSIS
## PASTOR GENERAL EXPENSES - ACCOUNT 570

(A) VIP Travel & Lodging:

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| July: | 6/26/75 | Beverly Wilshire Hotel | Mr. & Mrs. Nadaya (6/24, 25, 26) | $ 321.93 |
| | 6/28/75 | Perino's | Mr. Gotoh (6/25, 6/28) | 564.15 |
| | 5/24/75 | TWA - Gotoh | M. Baca | 684.32 |
| | 5/27/75 | TWA - Gotoh | Mugo - Addis Ababa - Nairobi - Addis Ababa | 373.80 |
| | 5/23/75 | TWA - Gotoh | Dr. Angeles | 668.60 |
| | 6/3/75 | TWA - Gotoh | Zulin Mehta | 61.00 |
| | 5/27/75 | TWA - Gotoh | Dr. Singh - Nirobi, Zurich, Geneva, Amsterdam | 1,897.84 |
| | 5/22/75 | TWA - Gotoh | Rahiansgy - Amsterdam, Paris, Amsterdam | 444.25 |
| | 5/22/75 | TWA - Gotoh | Dr. Singh - Amsterdam, Paris | 222.12 |
| | 7/21/75 | Dr. Ohno - Cash | Expense Money | 1,300.00 |
| | 7/07/75 | White Tie Limo. Sv. | Mr. Nadaya | 323.15 |
| Sub total for amount paid in July | | | | $ 6,861.16 |
| August: | 6/19/75 | TWA - Gotoh | Dr. Singh - Amsterdam, Geneva, Amsterdam | $ 224.73 |
| | 7/22/75 | TWA - Gotoh | Matsufuji - Paris, Tel Aviv | 3,190.00 |
| | 7/24/75 | TWA - Gotoh | Dr. Ohno - Tokyo, Los Angeles, Tokyo | 1,045.67 |
| | 6/19/75 | TWA - Gotoh | Mr. Mugo - Paris, Geneva, Paris | 114.18 |
| | 6/06/75 | TWA - Gotoh | Mr. Mugo - Nirobi, Paris, Geneva | 1,887.93 |
| | 6/13/75 | TWA - Gotoh | Matsufuji - Tokyo, Bombay, Tel Aviv | 3,452.05 |
| | 6/19/75 | TWA - Gotoh | Dr. Singh - Geneva, London, Amsterdam | 349.80 |
| | 6/18/75 | TWA - Gotoh | Mr. Mugo - Paris, Geneva, London | 508.92 |
| | 6/19/75 | TWA - Gotoh | Mr. Mugo - Nirobi, Addis Ababa, Paris, Geneva | 131.93 |
| | 6/13/75 | TWA - Gotoh | Dr. Singh - Amsterdam, Tokyo, Amsterdam | 8,001.72 |
| | 8/13/75 | Captain Black | Expense money for Mr. Ravid | 1,000.00 |
| | 7/10/75 | TWA - Gotoh | Amano | 1,008.87 |
| | 8/3/75 | TWA - Gotoh | Murata | 1,297.87 |
| | 7/18/75 | Monty's - Pasadena | One Dinner | 9.93 |
| | 4/22/75 | TWA - Gotoh | Fujita - Tokyo, Hong Kong, Karochi, Tokyo | 1,643.21 |
| | 6/6/75 | TWA - Gotoh | Gecage - Nairobi, Paris, Geneva | 1,887.93 |
| | 8/28/75 | Okno, Sato, Matsufuji | Cash - Entertainment Expense | 2,700.00 |
| | 8/01/75 | WWA - Gotoh | Travel & Transportation for Japanese Group | 13,750.00 |
| | 7/19/75 | Perino's | Various Meals | 290.43 |
| Sub Total for amount paid in August | | | | |

EXPENSE ANALYSIS
PASTOR GENERAL EXPENSES - ACCOUNT 570

VIP Travel & Lodging (Continued):

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| September: | 7/05/75 | Beverly Wilshire Hotel | Senator Bunsei Sato | $ 904.30 |
| | 9/03/75 | Beverly Wilshire Hotel | Japanese Senators | 1,997.73 |
| | 7/23/75 | AC Big Sandy | Flight Charges to San Antonio - Dr. & Mrs. Angeles | 270.00 |
| | 8/05/75 | Carlton Tower | Dr. Singh (7/31 - 8/05) | 1,774.59 |
| | 9/05/75 | Disneyland Hotel | Matsufuji and family and Dr. Ohno (8/28 - 8/30) | 423.91 |
| | 8/26/75 | Beverly Wilshire Hotel | Hajime Ishii (Japanese Diet) (8/25, 8/26) | 180.40 |
| | 9/03/75 | Worldwide Adv. Gotoh | Misc. Expense - Japanese Delegates to Jerusalem | 1,835.00 |
| Sub Total for amount Paid in September | | | | $ 7,385.93 |
| October: | 9/09/75 | L. A. Hilton | Dr. Ohno (8-24 to 9-09) | $ 1,428.21 |
| | 7/20/75 | TWA - Gotoh | Yamaguchi | 2,054.87 |
| | 8/25/75 | TWA - Gotoh | Matsufuji | 6,734.34 |
| | 9/29/75 | White Tie Limo.Serv. | Japanese Senators | 2,588.60 |
| | 8/11/75 | Diners Club - Rader | La Scala, Beverly Hills | 195.71 |
| | 9/03/75 | Royal V.S.P. Services | Honolulu | 293.58 |
| | 9/02/75 | Am. Express - Gotoh | Hyatt Regency - Manila | 3,926.93 |
| | 9/18/75 | TWA - Gotoh | Dr. Ohno | 1,041.44 |
| | 7/30/75 | TWA - Gotoh | Yamashita | 1,355.56 |
| | 7/26/75 | TWA - Gotoh | Mori | 2,054.87 |
| | 9/16/75 | Beverly Wilshire | B. Mugo (9/10 - 9/16) | 2,462.74 |
| | 9/02/75 | Mrs. Mugo | Bank Draft to Carlton Tower for Mrs. Mugo | 4,972.84 |
| | 10/6/75 | Kahala Hilton | Ambassador Mugo & Family | 2,408.33 |
| | 8/30/75 | Am. Express - Gotoh | Imperial Hotel - Tokyo | 5,739.27 |
| | 9/02/75 | Del Webbs Kuilima | Hotel charges - Senator Matsufuji & Party - Hawaii | 476.69 |
| | 8/05/75 | TWA - Gotoh | Yomashita | 10,660.45 |
| | 10/21/75 | Regency Hotel | Mrs. Dottie Moore (10/20 - 10/21) | 429.47 |
| | 9/09/75 | Hertz - L.A. | John Kineston for VIP | 422.65 |
| | 7/26/75 | TWA - Gotoh | Lloyd - NCE - Paris | 1,695.60 |
| | 7/26/75 | TWA - Gotoh | Yamaguchi | 3,401.19 |
| | 9/01/75 | Regency Hotel | Ambassador Mugo (9/2 - 9/10) | 5,393.96 |

EXPENSE ANALYSIS
PASTOR GENERAL EXPENSES - ACCOUNT 570

VIP Travel & Lodging (Continued):

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| October (Cont.): | 8/20/75 | TWA - Gotoh | N. M. Mugo | $19,272.73 |
| | 10/06/75 | White Tie Limo. Serv. | Mugo & Family, Cornwall & Rader | 921.65 |
| | 8/26/75 | Amer. Express - Gotoh | Korikawa Restaurant, L.A. | 2,056.84 |
| | 9/17/75 | Foreign Draft | Bank Draft to Carlton Tower, London | 3,583.64 |
| | 8/26/75 | TWA - Gotoh | Fukunaga | 1,683.50 |
| | 8/26/75 | Amer. Express - Gotoh | Korikawa Restaurant, L.A. | 67.91 |
| | 9/25/75 | Regency Hotel | Dr. Singh (9/15 - 9/25) | 4,020.98 |
| Sub Total for Amount paid in October | | | | $91,344.55 |
| November: | 10/13/75 | Perino's | Various Meals | $ 298.73 |
| | 9/18/75 | Lowes Drake | Ms. C. Drake - Guest of H.W.A. - New York | 59.32 |
| | 11/15/75 | Bev. Wilshire Hotel | Sander, Gorlinsky | 1,175.74 |
| | 10/01/75 | Diners Club - Gotoh | Club Kon (Night club) - Japan | 1,519.75 |
| | 11/19/75 | Bev. Wilshire Hotel | Jascha Bistritzky (11/4 - 11/19) | 1,149.24 |
| | 9/03/75 | TWA - Gotoh | Senator Yamashita | (6,243.20) |
| Sub Total for Amount paid in November | | | | $(2,040.42) |
| December: | 10/25/75 | American Express | Osamu Gotoh - Hotel Bill - Switzerland | $ 6,325.40 |
| | 11/18/75 | TWA - Gotoh | Y. Olino - TYO - LAX - NYC - LAX - TYO | 1,334.77 |
| | 11/24/75 | White Tie Limo. Ser. | Mr. George Whyte - Limousine Service | 151.80 |
| | 12/20/75 | White Tie Limo. Ser. | Mr. Gotoh, Rader, Panov, Whyte | 631.25 |
| | 12/09/75 | Royal USP Serv. | Limousine Service in Hawaii | 423.20 |
| | 12/10/75 | Royal USP Serv. | Limousine Service in Hawaii | 202.60 |
| | 12/10/75 | TWA - Gotoh | Kabayashi - Paris to Tokyo | 2,189.29 |
| | 10/14/75 | TWA - Gotoh | J. Bistrytsky TLV - VIE, LON, NYC, - TLV | 1,465.24 |
| | 11/25/75 | Regency Hotel, N.Y. | Sara Kde Mekler - along with Bistrytsky | 539.63 |
| Sub Total for Amount paid in December | | | | $13,263.18 |

EXPENSE ANALYSIS

PASTOR GENERAL EXPENSES - ACCOUNT 570

(A) VIP Travel & Lodging & Entertainment:

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| January 1976: | 12/30/75 | Perino's | Meals | $ 707.60 |
| | 12/31/75 | Perino's | Meals | 1,252.16 |
| | 12/30/75 | Perino's | Meals | 344.64 |
| | 12/29/75 | White Tie Limo Serv. | Mr. Cornwall & Mr. Fujita - 5 trips | 461.70 |
| | 12/02/75 | White Tie Limo Serv. | Mr. & Mrs. Arthur Rubenstein | 96.60 |
| | 12/19/75 | White Tie Limo Serv. | Mr. Rader | 28.80 |
| | 01/07/76 | White Tie Limo Serv. | Mr. Rader - 3 trips | 149.00 |
| | 12/18/75 | TWA - Gotoh | F. Lloyd - Hong Kong-Zurich-Paris | 1,612.10 |
| | 12/14/75 | TWA - Gotoh | M. Lloyd - Tokyo - Hong Kong | 85.83 |
| | 12/18/75 | TWA - Gotoh | Akanoma - Hong Kong | 334.16 |
| | 12/16/75 | TWA - Gotoh | Akanoma - Tokyo-Hong Kong-Beirut-Cairo-Paris-London-New York | 1,983.65 |
| | | | Sub-total for January | $ 7,056.24 |
| February 1976: | 10/25/75 | Diners-Gotoh | S.A.Hermes - Paris (Credit) | $ (750.38) |
| | 12/05/75 | Diners-Gotoh | Japan (establishment unknown) | 1,147.30 |
| | 01/26/76 | Perino's | Meals | 226.07 |
| | 01/28/76 | Perino's | Meals | 868.68 |
| | 01/25/76 | White Tie Limo Serv. | Mr. Rader & party | 212.60 |
| | 01/31/76 | White Tie Limo Serv. | Mr. Gotoh | 147.60 |
| | 12/24/75 | Amex - Gotoh | S.A.Hermes - Paris | 2,237.12 |
| | 12/16/75 | TWA - Gotoh | Siniscar - Tokyo-Honk Kong-Singapore-L.A.-Tokyo | 3,989.68 |
| | 01/14/76 | TWA - Gotoh | J. Romm - Tokyo-Paris | 1,646.23 |
| | 12/24/75 | TWA - Gotoh | Stanronides - London-L.A.-London | 795.44 |
| | 01/14/76 | TWA - Gotoh | S. Hagiwara - Tokyo-Paris-Tokyo | 6,584.92 |
| | 12/23/75 | TWA - Gotoh | Y. Akandiya - Cairo-Paris | 152.68 |
| | | | Sub-total for February | $17,257.94 |

EXPENSE ANALYSIS

PASTOR GENERAL EXPENSES - ACCOUNT 570

(A) VIP Travel & Lodging & Entertainment:

| | Invoice Date | Recipient | Purpose for Payment | Amount |
|---|---|---|---|---|
| March 1976: | 02/20/76 | White Tie Limousine | Limousine Service - Gotoh | $ 48.00 |
| | 02/25/76 | Perino's | Food Service - H.W.A. | 13.65 |
| | 02/28/76 | Perino's | Food Service - S.R.R. | 272.34 |
| | Adjustment | TWA | Miyagawa | 3,317.88 |
| | | | Sub-total for March | $3,651.87 |
| April 1976: | 01/29/76 | TWA - Gotoh | Miyagawa | $2,305.99 |
| | 01/31/76 | TWA - Gotoh | Kawada | 1,725.70 |
| | 02/19/76 | White Tie Limo.Serv. | Horowitz | 156.55 |
| | 03/05/76 | White Tie Limo.Serv. | Rader & Cornwall | 823.70 |
| | 03/12/76 | Diners Club S.R.R. | La Scala | 100.25 |
| | 03/18/76 | Diners Club S.R.R. | La Scala | 202.71 |
| | 03/19/76 | Diners Club S.R.R. | La Scala | 102.18 |
| | 03/21/76 | Royal VSP Serv. | Limousine Service in Hawaii | 470.58 |
| | 03/23/76 | Diners Club S.R.R. | Beverly Wilshire | 21.97 |
| | 03/27/76 | Perino's | Food Service | 664.74 |
| | 03/29/76 | Perino's | Food Service | 177.42 |
| | 03/30/76 | La Scala | Restaurant - S.R.R. | 261.68 |
| | 03/31/76 | White Tie Limo Serv. | Ambassador & Mrs. Nasar | 610.80 |
| | 04/01/76 | Ambassador Nasar | Expense money | 1,000.00 |
| | 04/17/76 | Disneyland Tour | Ambassador Nasar | 107.31 |
| | | | Sub-total for April | $8,731.58 |

# EXPENSE ANALYSIS

## PASTOR GENERAL EXPENSES - ACCOUNT 570

(A) VIP Travel & Lodging & Entertainment:

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| May 1976: | 02/10/76 | Diners Club - Gotoh | Imperial Hotel - Tokyo | $ 2,473.38 |
| | 02/25/76 | Diners Club - Rader | Hilton Hotel - Jerusalem | 1,084.00 |
| | 02/25/76 | Diners Club - Rader | Hilton Hotel - Jerusalem | 1,323.61 |
| | 02/25/76 | Diners Club - Rader | Hilton Hotel - Jerusalem | 1,084.00 |
| | 02/25/76 | Diners Club - Rader | Hilton Hotel - Jerusalem | 1,219.50 |
| | 02/25/76 | Diners Club - Rader | Hilton Hotel - Jerusalem | 1,084.00 |
| | 02/25/76 | Diners Club - Rader | Hilton Hotel - Jerusalem | 1,084.00 |
| | 02/25/76 | Diners Club - Rader | Hilton Hotel - Jerusalem | 1,084.00 |
| | 02/25/76 | Diners Club - Rader | Hilton Hotel - Jerusalem | 1,084.00 |
| | 02/25/76 | Diners Club - Rader | Hilton Hotel - Jerusalem | 1,084.00 |
| | 03/13/76 | Diners Club - Gotoh | Hawn Regent Hotel - Honolulu | 4,257.20 |
| | 04/02/76 | Perino's | Meals | 779.36 |
| | 04/07/76 | Perino's | Meals | 36.17 |
| | 05/06/76 | Beverly Wilshire Hotel | Ambassador Nasr & Family Hotel Bill | 1,180.88 |
| | 05/13/76 | La Scala | Meals - Rader | 69.69 |
| | | | Sub-total for May | $18,927.79 |
| June 1976: | 04/06/76 | Diners Club - Gotoh | Hotel Plaza - Paris | $ 8,507.57 |
| | 05/16/76 | Amer. Express | Canyon Hotel - Palm Springs, Mr. Cornwall | 500.04 |
| | 05/16/76 | Amer. Express | Canyon Hotel - Palm Springs, Mr. Cornwall | 2,307.01 |
| | | | Sub-total for June | $11,314.62 |

EXPENSE ANALYSIS
PASTOR GENERAL EXPENSES - ACCOUNT 570

(B) Gifts:

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| July: | 6/11/75 | Amer. Express - S. Rader | Sato Photo Co. | $ 154.54 |
| | 6/11/75 | Amer. Express - E. Black | King Fook Gold & Jewelry - Hong Kong | 3,144.50 |
| | 6/10/75 | Lee Mac Camera | Mr. Gotoh - 3 Cameras & Accessories | 1,133.67 |
| | 6/12/75 | Lee Mac Camera | Mr. Gotoh - 3 Cameras & Cases | 504.03 |
| | 6/25/75 | Steuben Glass | 1 Moses, 1 Pyramidon, 1 Excalibur, 3 Pillar of the Griffin | 12,402.00 |
| | 7/09/75 | Worldwide Adv. -Gotoh | Gifts for Tokyo, Geneva, Paris trip (6/16 - 6/25) | 1,400.00 |
| | 7/09/75 | Worldwide Adv. -Gotoh | Tokyo, Paris Monte Carlo trip | 3,800.00 |
| Sub Total for Amount paid in July | | | | $22,538.74 |
| August: | 8/22/75 | Central Stores W/C | Cross, Schaeffer, Parker Pen and Desk Sets | $ 408.31 |
| | 7/28/75 | Amer. Exp.- Gotoh | Sato Photo Co. - Tokyo | 389.45 |
| | 8/12/75 | Barnhart | Golf Balls for King Leopold | 26.16 |
| | 7/29/75 | Lee Mac Camera | 4 Cameras, Accessories & Film | 1,440.54 |
| | 7/19/75 | Amer. Exp. -Gotoh | Sato Photo Co. | 461.65 |
| | 7/02/75 | Lee Mac Camera | 6 Cameras & Accessories | 1,135.26 |
| | 8/06/75 | WWA - Gotoh | Egypt, Israel & Orient (8/1 - 8/20) | 3,100.00 |
| Sub Total for Amount paid in August | | | | $ 6,961.37 |
| September: | 9/09/75 | WWA - Gotoh | Trip - Tokyo, Bangkok, Austria (8/21/75 - 9/21/75) | $ 4,300.00 |
| | 8/29/75 | Lee Mac Camera | Camera & Accessories | 335.28 |
| | 8/19/75 | Lee Mac Camera | 2 Cameras and Accessories | 957.71 |
| Sub Total for Amount paid in September | | | | $ 5,592.99 |
| October: | 8/31/75 | Amer. Exp. - Rader | Sato Photo Co., Tokyo | $ 435.60 |
| | 7/09/75 | Amer. Exp. - Gotoh | Gucci Shop, Paris | 1,162.10 |
| | 8/23/75 | Amer. Exp. - Gotoh | Sato Photo Co., Tokyo | 1,571.50 |
| | 8/27/75 | Diners Club - Gotoh | Gucci Shop, Beverly Hills | 127.20 |
| | 8/27/75 | Amer. Exp. - Gotoh | Gucci Shop, Beverly Hills | 702.78 |
| | 8/27/75 | Amer. Exp. - Gotoh | Gucci Shop, Beverly Hills | 385.84 |
| | 10/2/75 | Steuben Glass Co. | 4 Crystal Griffins | 7,441.20 |
| | 10/9/75 | WWA - Gotoh | Gifts for Geneva, Paris, Dusseldorf | 4,000.00 |
| | 9/12/75 | Lee Mac Camera | Cameras, Cases, etc. | 4,691.56 |

# EXPENSE ANALYSIS
## PASTOR GENERAL EXPENSES - ACCOUNT 570

Gifts (Continued):

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| October (Cont.) | 08/21/75 | Diners Club | Expenses incurred in Japan | 921.94 |
| | 10/31/75 | Gene Michel | Golf Clubs | 111.40 |
| | 10/31/75 | Central Stores, WC | Cross, Schaeffer, Parker Pen and desk sets (6/15 - 7/15) | 1,636.78 |
| | 10/31/75 | Central Stores, WC | Cross, Schaeffer, Parker pen and desk sets (8/15 - 10/15) | 1,735.20 |
| Sub Total for amount paid in October | | | | $24,923.10 |
| November: | 10/20/75 | Steuben Glass Co. | Four Pieces of Crystal | $ 3,406.00 |
| | 09/30/75 | Amer. Express--Gotoh | Sato Photo Co. | 1,502.50 |
| | 11/12/75 | Osamu Gotoh | Gifts for Japan, Jamaica, Thailand, Incia, etc. | 5,300.00 |
| | 09/25/75 | Amer. Express - Gotoh | King Fook Gold & Jewellry - Hong Kong | 637.15 |
| Sub Total for amount paid in November | | | | $10,845.63 |
| December: | 06/03/75 | ACUK Backcharge | Mr. Rader - Perfume purchased at Harrods | $ 81.27 |
| | 10/08/75 | Amer. Express | Osamu Gotoh - K. Mikinoto & Co. Tokyo | 1,666.95 |
| | 10/15/75 | Carte Blanche | Osamu Gotoh - 62 Pc. Flatware | 55.88 |
| | 10/27/75 | Carte Blanche | Osamu Gotoh - Mens Jacket | 22.76 |
| | 10/27/75 | Carte Blanche | Osamu Gotoh - Glassware | 36.54 |
| | 10/27/75 | Carte Blanche | Osamu Gotoh - Ladies Jacket | 22.76 |
| | 10/27/75 | Carte Blanche | Osamu Gotoh - Mens Jacket | 22.76 |
| | 10/30/75 | Diners Club | Osamu Gotoh - Christian Dior, Faris | 115.06 |
| | 11/14/75 | American Express | Osamu Gotoh - Duty Free Shop | 306.85 |
| | 12/26/75 | Osamu Gotoh | Cash paid out for gifts | 209.88 |
| | 12/23/75 | Central Stores WC | Pen and Desk Sets for Mr. Gotoh | 442.66 |
| | 12/01/75 | Osamu Gotoh | Gifts - Japan, Philippines, Thailand, Iran, Switzerland | 4,600.00 |
| | 12/03/75 | Osamu Gotoh | Gifts - Bahamas, Japan, Korea, Israel, Egypt, etc. | 5,000.00 |
| Sub Total for amount paid in December | | | | $12,583.37 |

EXPENSE ANALYSIS
PASTOR GENERAL EXPENSES - ACCOUNT 570

(B) Gifts

| | Invoice Date | Recipient | Purpose of Payment | | Amount |
|---|---|---|---|---|---|
| January 1976: | 12/01/75 | Lee-Mac | 2 cameras & cases | | $ 336.02 |
| | 12/17/75 | Amex - Gotoh | Sato Photo Co. - Tokyo | | 516.06 |
| | 12/23/75 | Polaroid | 11 cameras with cases & film | | 2,324.95 |
| | | | | Sub-total for January | $ 3,177.03 |
| February 1976: | 12/23/75 | Diners - Gotoh | Christian Dior - Paris | | $ 635.46 |
| | 12/18/75 | Diners - Gotoh | Siberian Fur Store - Kowloon | | 2,124.24 |
| | 01/15/76 | Amfac | 12 cases of flashbars | | 245.38 |
| | 01/10/76 | Amex - Gotoh | K.K. Cosmo Tenchido - Tokyo | | 209.73 |
| | 01/03/76 | Amex - Gotoh | Bernard's China - Nassau | | 309.05 |
| | 01/09/76 | Amex - Gotoh | Sato Photo Co. - Tokyo | | 1,121.32 |
| | 01/08/76 | Amex - Gotoh | Sato Photo Co. - Tokyo | | 245.13 |
| | 12/23/75 | Amex - Gotoh | Cartier - Paris | | 1,560.78 |
| | | | | Sub-total for February | $ 6,451.09 |
| March 1976: | 01/24/76 | Amex - Gotoh | Nassau Shop - Bahamas | | $ 360.00 |
| | 01/25/76 | Amex - Gotoh | Island Newsstand | | 156.00 |
| | 01/30/76 | Amex - Gotoh | Sato Photo Co., Ltd. | | 1,138.00 |
| | 02/03/76 | Lee Mac | Poloroid Cameras | | 2,646.00 |
| | 02/03/76 | Lee Mac | Leather Carrying Cases | | 245.36 |
| | | | | Sub-total for March | $ 4,545.36 |
| April 1976: | 09/15/75 | Diners - Gotoh | Christian Dior | | $ 258.04 |
| | 02/04/76 | Diners - Gotoh | Gucci - Paris | | 682.23 |
| | | | | Sub-total for April | $ 940.27 |

EXPENSE ANALYSIS
PASTOR GENERAL EXPENSES - ACCOUNT 570

(B) Gifts

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| June 1976: | 06/14/76 | Patek Philippe | Gifts - H.W.A. Purchase | $ 4,504.00 |
| | 05/08/76 | Steuben Glass | Six Crystal Pillar/Griffins | 12,020.00 |
| | | | | $16,524.00 |

EXPENSE ANALYSIS
PASTOR GENERAL EXPENSES - ACCOUNT 570

(C) Film & Film Processing:

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| July: | 6/03/75 | Lee-Mac Camera | Mr. Gotoh - 420 Rolls of Film & Bulbs | $1,583.64 |
| | 6/12/75 | Lee-Mac Camera | Mr. Gotoh - 130 Rolls of Film & Bulbs | 689.00 |
| Sub Total for Amount paid in July | | | | 2,272.64 |
| August: | 7/21/75 | Eastman Kodak | Mr. Gotoh - 36 Rolls of Film | $ 536.02 |
| September: | 8/29/75 | Eastman Kodak | Film | 346.67 |
| | 8/05/75 | Eastman Kodak | Film | 21.78 |
| | 8/07/75 | Consolidated Film Ind. | Film Development - Asian Students | 55.22 |
| | 7/30/75 | Consolidated Film Ind. | Film Development - Asian Students | 149.44 |
| | 8/04/75 | Consolidated Film Ind. | Film Development - Asian Students | 527.02 |
| | 8/25/75 | Consolidated Film Ind. | Film Development - Asian Students | 155.85 |
| | 7/22/75 | Consolidated Film Ind. | Film Development - Asian Students | 9.17 |
| | 8/07/75 | Consolidated Film Ind. | Film Development - Asian Students | 47.80 |
| | 7/22/75 | Consolidated Film Ind. | Film Development - Asian Students | 106.48 |
| Sub Total for Amount Paid in September | | | | $1,419.43 |
| October: | 9/03/75 | Lee-Mac Camera | Color Processing | 153.70 |
| December: | 9/03/75 | Consolidated Film Ind. | Film Expenses for AICF | $ 193.65 |
| | 9/03/75 | Consolidated Film Ind. | Film Expenses for AICF | 16.92 |
| | 10/20/75 | American Express | Osamu Gotoh - Photo Hall, Paris | 56.02 |
| | 11/04/75 | American Express | Osamu Gotoh - Sato Photo Co. Tokyo | 1,911.51 |
| Sub Total for Amount Paid in December | | | | $2,178.10 |

EXPENSE ANALYSIS
PASTOR GENERAL EXPENSES - ACCOUNT 570

(D) Contracted Services:

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| July: | 7/08/75 | Hans Quast | Brecht Translation Rights & Art Design - Polydor | $ 3,100.00 |
| August: | 8/20/75 | Gateway | Advance to Guarantee Payment - Book on Hirohito | $24,750.00 |
| September: | 9/03/75 | Hans Quast | Unicef - U.N. Record | $ 7,000.00 |
| October | 10/26/75 | Sam Duncan | Photography for Japanese Documentary | $ 104.97 |
| November: | 11/30/75 | San Duncan | Photography for HWA Banquet | $ 614.04 |
| | 11/20/75 | WC Adjustment | TV - Audio Clip for Slide Presentation | 24.50 |
| | 11/06/75 | WC Adjustment | Tony Vanderleeden - Film Editing | 20.00 |
| | 11/20/75 | WC Adjustment | TV - Recording of AICF Performance | 54.30 |
| | 11/20/75 | WC Adjustment | TV - Use of Beethoven Recording at Recital | 19.18 |
| | 11/06/75 | WC Adjustment | TV - 2-min. Talk Show - KNXT; KFAC 1-min. Spots | 2,088.00 |
| Sub Total for Amount Paid in November | | | | $ 2,820.02 |

EXPENSE ANALYSIS

PASTOR GENERAL EXPENSES - ACCOUNT 570

(D) Contracted Services

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| June 1976: | 06/21/76 | Gateway Publishers | World Activities of United Nations & Introduction to Egypt | $ 2,300.00 |
| | 06/21/76 | Gateway Publishers | World Activities of United Nations & Introduction to Egypt | 17,000.00 |
| | | | | $19,300.00 |

EXPENSE ANALYSIS
PASTOR GENERAL EXPENSES - ACCOUNT 570

(E) Banquets:

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| July: | 7/09/75 | Worldwide Adv. - Gotoh | Tokyo, Geneva, Paris Trip (6/16 - 6/25) | $ 1,200.00 |
| | 7/09/75 | Worldwide Adv. - Gotoh | Tokyo, Paris, Monte Carlo Trip (6/26 - 7/31) | 3,400.00 |
| Sub Total for Amount Paid in July | | | | $ 4,600.00 |
| August: | 7/28/75 | Worldwide Adv. - Gotoh | Jerusalem Banquet Set-Up Expense | $ 2,500.00 |
| | 8/06/75 | Worldwide Adv. - Gotoh | Egypt, Israel & Orient (8/1 - 8/20) | 2,200.00 |
| | 8/13/75 | Peter Schanz | Champagne for HWA Social Center | 300.00 |
| Sub Total for Amount Paid in August | | | | $ 5,000.00 |
| September: | 9/05/75 | AC Food Service | Hors d'ourves for AICF Reception (8/27) | $ 100.00 |
| | 9/09/75 | Worldwide Adv. - Gotoh | Trip: Tokyo, Bangkok, Austria (8/21 - 9/21) | 3,200.00 |
| | 9/03/75 | Worldwide Adv. - Gotoh | Jerusalem Party | 1,120.00 |
| Sub Total for Amount Paid in September | | | | $ 4,420.00 |
| October: | 7/17/75 | Am. Express - Gotoh | Jerusalem Hilton (No Backup) | $ 9,897.97 |
| | 8/08/75 | Am. Express - Gotoh | Hotel Plaza Athenee Paris (No Backup) | 12,416.93 |
| | 8/31/75 | Am. Express - Gotoh | Imperial Hotel, Tokyo (No Backup) | 13,735.74 |
| | 9/12/75 | Am. Express - Gotoh | Munich, Germany | 12,504.59 |
| | 9/11/75 | Diners Club - Rader | Hotel Plaza Athenee, Paris | 12,049.39 |
| | 7/12/75 | Am. Express - Gotoh | Hotel Plaza Athenee, Paris | 10,309.99 |
| | 7/17/75 | Am. Express - Gotoh | Hilton - Jerusalem (Split Charge) | 9,897.97 |
| | 10/09/75 | Worldwide Adv. - Gotoh | Geneva, Paris, Dusseldorf trip - Banquets | 4,100.00 |
| | 8/02/75 | Am. Express - Gotoh | Hotel de Paris - Monte Carlo | 22,261.52 |
| Sub Total for Amount Paid in October | | | | $107,174.10 |
| November: | 8/25/75 | Am. Express - Gotoh | Imperial Hotel, Tokyo | $ 15,344.32 |
| | 11/01/75 | Osamu Gotoh | Banquets: Japan, Jamaica, Thailand, India, etc. | 3,200.00 |
| | 9/07/75 | Diners Club - Balck | Tel Aviv Hilton, Israel | 4,295.33 |
| | 10/09/75 | Squires, Pasadena, | Wine for AICF Reception | 337.95 |
| Sub Total for Amount Paid in September | | | | $ 23,177.60 |

EXPENSE ANALYSIS
PASTOR GENERAL EXPENSES - ACCOUNT 570

Banquets (Continued):

| | | | | |
|---|---|---|---|---|
| December | 10/23/75 | American Express | Osamu Gotoh - Hotel Plaza Athenee, Paris | $16,556.12 |
| | 10/29/75 | American Express | Osamu Gotoh - Hotel Plaza Athenee, Paris | 11,615.00 |
| | 10/29/75 | American Express | Osamu Gotoh - Hotel Plaza Athenee, Paris | 11,615.00 |
| | 11/01/75 | American Express | Osamu Gotoh - Hotel Plaza Athenee, Paris | 6,098.91 |
| | 11/05/75 | American Express | Osamu Gotoh - Imperial Hotel, Tokyo | 8,580.29 |
| | 11/02/75 | American Express | Osamu Gotoh - Hotel in Bangkok, Thailand | 3,774.86 |
| | 12/01/75 | Osamu Gotoh | Banquet Expenses - Japan, Philippines, Thailand Iran, Switzerland | 2,800.00 |
| | 12/31/75 | Osamu Gotoh | Banquet Expenses - Bahamas, Japan, Korea, Israel, Egypt, etc. | 3,800.00 |
| Sub Total for Amount Paid in December | | | | $64,840.18 |

EXPENSE ANALYSIS

PASTOR GENERAL EXPENSES - ACCOUNT 570

(E) Testimonial Dinners & Overseas Campaigns

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| January 1976: | 12/17/75 | Amex - Gotoh | Imperial Hotel - Tokyo | $17,261.74 |
| | 11/30/75 | Amex - Gotoh | Plaza Athenee - Paris | 1,819.20 |
| | 11/05/75 | Amex - Gotoh | Sheraton - Jamaica | 1,133.39 |
| | 11/07/75 | Amex - Black | Rose Hall - Jamaica | 5,859.60 |
| | 11/17/75 | Amex - Gotoh | Sheraton - Jamaica | 900.00 |
| | 11/15/75 | Amex - Gotoh | Sheraton - Jamaica | 1,287.34 |
| | | | Sub-total for January | $28,261.27 |
| February 1976: | 01/20/76 | Diners - Gotoh | Plaza Athenee - Paris | $ 1,859.47 |
| | 01/21/76 | Amex - Gotoh | Plaza Athenee - Paris | 14,063.22 |
| | 01/22/76 | Amex - Gotoh | Plaza Athenee - Paris (adj. from January billing) | 16,307.64 |
| | 12/27/75 | Amex - Gotoh | Plaza Athenee - Paris | 12,096.29 |
| | 12/18/75 | Amex - Gotoh | Hotel in Hong Kong - name unknown | 11,477.34 |
| | 12/18/75 | Amex - Gotoh | Hotel in Hong Kong - name unknown | 2,253.99 |
| | 01/24/76 | Amex - Gotoh | Plaza Athenee - Paris | 9,795.09 |
| | 01/16/76 | Amex - Gotoh | Hotel in Switzerland - name unknown | 4,059.33 |
| | 02/16/76 | Barclays Bank, Int. | Cable for campaign expenses - Nassau | 25,000.00 |
| | 02/27/76 | A.C. Agency | Cable for campaign expenses - Philippines | 10,000.00 |
| | | | Sub-total for February | $106,912.37 |
| March 1976: | 02/01/76 | Amex. - Gotoh | Imperial Hotel | $ 16,278.97 |
| | 04/02/76 | Cable - Adair | Manila Campaign | 3,100.00 |
| | | | Sub-total for March | $ 15,378.97 |
| April 1976: | 02/13/76 | Diners Club | Nassau | $ 12,876.84 |
| | 02/14/76 | Diners Club | Nassau | 18,412.12 |
| | 02/17/76 | Diners Club | Nassau | 8,302.50 |
| | | | Sub-total for April | $ 39,591.46 |

EXPENSE ANALYSIS

PASTOR GENERAL EXPENSES - ACCOUNT 570

(E) Testimonial Dinners & Overseas Campaigns

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| June 1976: | 05/13/76 | Bank of America | Cairo Banquet expenses held in April | $ 3,152.00 |

EXPENSE ANALYSIS
PASTOR GENERAL EXPENSES - ACCOUNT 570

(1) Miscellaneous:

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| | 8/27/75 | AICF | 40 House Seats per Concert | $65,440.00 |
| September | 9/27/75 | AICF | 4 House Tickets for 16 Series | 3,840.00 |
| | 9/16/75 | Osamu Gotoh | Cash Cable to London - Purpose Unknown | 10,000.00 |
| | | | | $13,840.00 |
| November | 10/24/75 | Les Ambassadeurs S.A. | Check Written by HWA | $ 368.00 |
| | 10/24/75 | Les Ambassadeurs S.A. | Check Written by HWA | 380.00 |
| | 11/19/75 | Jascha Bistritzky | Cash to Mr. Bistritzky - AICF Board of Directors | 2,500.00 |
| | 11/30/75 | Osamu Gotoh | Cash Cable to Jamaica | 15,000.00 |
| Sub Total for Amount Paid in November | | | | 18,248.00 |
| December | 10/15/75 | Carte Blanche | Osamu Gotoh - Food Tote (?) | $ 24.32 |
| | 10/17/75 | American Express | Osamu Gotoh - Santory, Paris (?) | 78.02 |
| | 10/25/75 | American Express | Osamu Gotoh - Hermes, Paris (?) | 3,012.29 |
| | 10/25/75 | Diners Club | Osamu Gotoh - Hermes, Paris (?) | 3,260.33 |
| | 11/12/75 | Perinos | AICF Reception | 7,238.13 |
| | 12/08/75 | Air Wings Int. | Ship 12 Magazines to Mr. Rader in Hong Kong | 26.50 |
| | 12/03/75 | Air Wings Int. | Home Vidio Game Gift Sent to Mr. Gotoh - Tokyo | 26.50 |
| | 12/16/75 | Osamu Gotoh | Manila Campaign | 12,000.00 |
| | 12/15/75 | Gateway Publishing | Additional Expenses on Book About Japanese Emperor | 12,300.00 |
| | 10/25/75 | Jurgensens Groceries | AICF Reception per H.C. | 399.38 |
| | 11/17/75 | Bert Roberts | Bartender - AICF Reception | 576.83 |
| | 11/14/75 | Squires | AICF Reception - Liquor | 88.80 |
| | 11/17/75 | Gino Galileo | Bartender - AICF Reception | 38.50 |
| | 11/10/75 | Squires | AICF Reception - Liquor | 850.67 |
| | 11/15/75 | Paone Catering | Catering Service for AICF Reception | 1,028.20 |
| | 11/17/75 | Ed Aryoin | Bartender - AICF Reception | 38.50 |
| | 11/17/75 | Richard Melone | Bartender - AICF Reception | 38.50 |
| | 11/15/75 | Sven's Danish | Pastries for AICF Reception | 111.42 |
| | 11/10/75 | Squires | AICF Reception - Liquor | 1,000.00 |

EXPENSE ANALYSIS
PASTOR GENERAL EXPENSES - ACCOUNT 570

Miscellaneous (Continued):

| | | | |
|---|---|---|---|
| 11/21/75 | Krupnicks | Mrs. Rader - Banquet Equipment & Supplies Rental | $ 1,372.76 |
| 11/26/75 | Lincoln Foods | Plastic Glasses for AICF | 14.79 |
| 12/01/75 | Carl Mannino | Caterer - AICF Reception | 45.50 |
| 12/01/75 | Don Allevato | Caterer - AICF Reception | 32.50 |
| 12/01/75 | Marc Ziegler | Caterer - AICF Reception | 32.50 |
| 12/01/75 | Mario Armato | Caterer - AICF Reception | 32.50 |
| 12/01/75 | Sam Ippolito | Caterer - AICF Reception | 32.50 |
| 12/01/75 | Rose Roberts | Caterer - AICF Reception | 45.50 |
| 12/01/75 | Iren Myernik | Caterer - AICF Reception | 32.50 |
| 12/12/75 | Robert Kuhn | Reimbursement for Two AICF Receptions | 1,457.85 |
| 12/16/75 | Paradise Island | Deposit for Campaign Facilities in Bahamas | 1,000.00 |
| Sub Total for Amount Paid in December | | | $46,235.79 |

EXPENSE ANALYSIS

PASTOR GENERAL EXPENSES - ACCOUNT 570

(F) Miscellaneous

| | Invoice Date | Recipient | Purpose of Payment | Amount |
|---|---|---|---|---|
| February 1976: | 02/13/76 | W. C. Adjustment | Photograph Rader's Anniv. party at H. W. Armstrong's Home | $ 382.50 |
| | 02/27/76 | W. C. Adjustment | Backcharge from Central Stores | 1,272.00 |
| | | | Sub-total for February | $ 1,654.50 |
| June 1976: | 04/20/76 | Ambassador College BS | Doilies for Big Sandy Student dinners | $ 22.32 |
| | 04/20/76 | Ambassador College BS | Flowers for Big Sandy Student Dinners | 97.00 |
| | | | | $ 119.32 |

Executed this 23d day of December, 1978, at Altadena, California.

/s/ Benjamin R. Chapman
Benjamin Chapman

## DECLARATION OF DAVID R. MORGAN

I, DAVID R. MORGAN, hereby declare as follows:

1. I have been a member of the Church since 1962, having been baptized in that year.

2. I am a licensed electrician. For seven and one-half years, from 1964 to 1972, I worked as an electrician for the Church on its projects full time, for one-half of the pay that an electrician would receive if he worked in private industry.

3. From 1962 to 1975, I also tithed, i.e., gave 10% of my annual income to the Church. since that date, I have given 5% of my annual income to the church.

4. Many members of the Church put themselves through considerable hardships in order to finance its work. Many members of my acquaintance pay substantially more than 10% of their total income to the work of the Church. One example of self-denial on the part of the membership is that some ladies I am acquainted with, and for whom I used to mow the lawn on weekends as an act of charity, regularly fast once a week and give the money they save on food to the Church.

5. Despite the austere lifestyle that the members undergo to finance the work, I have observed numerous instances of waste and mismanagement of Church finances.

6. For example, while I was working for the Church as an electrician, I became aware that certain materials being used on an electrical installation that I was working on were far more expensive than were necessary for that job. I brought that fact to the attention of my foreman. He refused to do anything about it, so I brought the problem to the attention of his superior. That superior did not address himself to the issue that I raised, but rather gave me a dressing-down to the effect that, since my foreman had authority



over me, I was to give him unquestioning obedience, because all members of the Church are to obey without questions all commands from persons in authority over them.

7. On another occasion, I was instructed to install chandeliers in the personal residence of Herbert W. Armstrong, the Pastor General. Price tags were attached to the chandeliers when they were given to me for installation. While I can no longer remember the exact price, I recall that they cost substantially more than $5,000 each.

8. On another occasion, a work crew of electricians all of whom were Church employees spent more than a week working on a private house in Beverly Hills owned by Mr. Stanley Rader.

9. Based on my observations, the doctrine of unquestioning obedience has been imposed throughout the Church hierarchy.

10. None of the wasteful expenditure that I had an opportunity to observe as a full-time electrician was ever reported or disclosed by Church authorities to me or other members of the Church in our capacity as members. The financial information divulged to the membership has never contained sufficient detail to bring these matters to the attention of the members.

11. In all the years I have been associated with the Church as a member, I have never been given an opportunity to vote, nor have I ever voted, on any matter pertaining to the governance of the Church or any of its affairs, whether financial or ecclesiastical.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 26th day of December, 1978, at Beverly Hills, California.

/s/ David R. Morgan
DAVID R. MORGAN

## DECLARATION OF ALVIN E. TIMMONS

I, ALVIN E. TIMMONS, hereby declare as follows:

1. I am one of the relators named in the within action. I make this declaration in support of the application of plaintiff in support of a temporary receiver and a temporary restraining order, and for a receiver and injunction *pendente lite*.

2. Since 1966, since I was baptized into the Church, I have been a member in good standing of the Worldwide Church of God.

3. I began attending services of the Church in approximately 1965. However, I began to tithe in 1959 (contributing one-tenth part of my annual net income), and I have made substantial monetary contributions to the Church in addition to the tithing.

4. For many years, I was engaged in business as a plumbing and heating contractor, and I have done a tremendous amount of work for the Church, all without cost or charge for my services: I installed the seats for the Church in a theater in Sacramento; I installed a commissary for the Church on Fair Oaks Avenue in Pasadena, investing approximately $20,000 to $30,000 worth of my time without charge, billing the Church only for the cost to me of necessary materials.

5. All of the money I have contributed was solicited by the Church and given by me, on the understanding that it would be used solely and exclusively to further religious work of the Church. This concept is constantly expressed in the Church publications which are distributed to the members. A typical example is the "Pastor's Report" for December 19, 1978, a copy of which is attached hereto, marked Exhibit A. In this report, in a section written and signed by



Stanley Rader and Ralph Helge, reference is made to "the financial aspects of God's Work;" "..God's money;" "God's tithe money;" and so on.

6. The passage to which I have referred in Exhibit A consists of an accusation by Rader and Helge against a former financial officer of the Church, Ray Wright, that he was permitted to accomplish "a misuse of God's tithe money." However, my own inquiries and investigations in recent weeks have led me to conclude that Rader and Helge, and other people in the Church, have been and are guilty of a continuous misuse of God's tithe money.

7. Although I have been a member of the Church for thirteen years, I have never been asked to vote or given an opportunity to vote on any matter pertaining to Church governance, or to its financial and business affairs. To the best of my knowledge, no member has ever been given an opportunity to vote on any such matter.

8. Likewise, the Church has distributed little or no financial information about its receipts and expenditures, or about its assets and liabilities, during the years I have been associated with the Church. It is true that, from time to time, *oral* financial reports were given by Mr. Armstrong and Mr. Rader to members assembled at conclaves held by the Church in connection with the Feast of Tabernacles. However, only a tiny fraction of the members were present at these meetings, and the results were not published or disseminated in any of the numerous publications issued by the Church. More recently, written reports have been disseminated over the signature of Stanley Rader. However, these reports are made in such form, and at such times, as to be virtually useless. For example, the Church publishes a newspaper entitled "The Good News." In the issue for Monday, September 25, 1978, a "Treasurer's Report" was included, over the signature of Stanley R. Rader, purporting

to show the income and expenditures for the year ended December 31, 1977. Six weeks later, on November 6, the paper published what purports to be a balance sheet for the Church and Ambassador College (combined) at December 31, 1977. Copies of these reports are attached hereto, collectively marked Exhibit B. However, neither of these reports provides any meaningful information. Rader describes them as having been audited and certified each year "by an independent firm of certified public accountants;" but the accountants are not identified, and their signature does not appear. The operating statement apparently relates only to the Worldwide Church of God, while the balance sheet relates to the Church and Ambassador College combined. The categories of expenditures are so broad as to be meaningless: "International Expenses, $15,867,700;" "Personal Worldwide Evangelism—Campaigns and Overseas Visits, $2,738,500."

9. Except for these partial and scanty reports in recent months, the Church does not distribute or disseminate any financial information to the members, and does not make it available on request.

10. I have, however, been able to obtain certain materials from personnel currently or formerly in the employ of the Church, which contain information about the Church's finances. One of these documents is entitled "Pastor General Department, Report of Expenditures, July 1, 1975, through June 30, 1976," which is attached as Exhibit B to, and authenticated by, the delcaration of Benjamin Chapman, a former board member of the College. I have also obtained a copy of an internal accounting document of the Church, entitled "Executive Expense Analysis" for March 3, 1978, a copy of which is attached hereto, marked Exhibit C. These items show immense expenditures for Mr. Rader, Mr. Armstrong, Mr. Gotoh, Mr. Cornwall, and other Church officers and executives, for luxury items of vast expense.



11. I have also obtained a copy of a letter, dated July 24, 1978, from Stanley R. Rader to Garner Ted Armstrong (a former officer of the Church and son of Herbert W. Armstrong, the Pastor General), in which Rader makes elaborate offers of compensation and other benefits in exchange for a promise by Garner Ted Armstrong that he will not reveal the internal financial affairs of the Church. A copy of this letter is attached hereto, marked Exhibit D.

. . .

13. Much of the information I have obtained in recent weeks comes from persons who are employed full time by the Church, and who have asked me to keep the source of my information confidential, because they are afraid to lose their jobs. However, I can and will identify them, if called upon by the Court to do so. These people have advised me that many of the Church's records, particularly those pertaining to executive compensation and expense accounts, and to transactions between the Church and various entities owned or controlled by Rader, have been removed from the Church's main office in Pasadena to the suite of offices maintained by Rader and his law and accounting firm (and his affiliated companies) in Century City. I have also been advised that many records are being mechanically shredded or destroyed.

14. I have recently learned that many properties which have been owned by the Church for a long time have recently been sold and converted into cash. As indicated in the declaration of my wife, Shirley Timmons (being filed concurrently herewith), the Church has sold many parcels of property in the last year. I am generally familiar with real estate values, and I believe they were sold for substantially less than their market value. For example, Ambassador College

sold a residence to Stanley Rader in September for $225,-000, which was described in a *People Magazine* article on November 20, 1978, as a "$300,000 Pasadena home, complete with a Porsche and an Aston Martin in the driveway."

14. [sic] The principal liquidation effort, however, does not relate to properties in California, but rather to a large facility owned and operated by the Church in Big Sandy, Texas. This facility consists of 1,600 acres, and includes a complete college campus and Church retreat, with all appropriate buildings and structures, including 330 buildings, twenty-five houses, a 16,000-seat convention, a sixty-acre lake, a nine-hole golf course, a landing strip, airplane hangar, four large dormitories, and gymnasium-auditorium seating 3,500. Recently, the management of the Church announced that the Church was selling the Big Sandy facility for 10.6 million dollars to a Texas businessman, named F. William Menge, who was allegedly given it to the James Robison Evangelistic Association. This event was publicly reported in the Baptist Press, with the comment that Robison's associates placed the property's value at between $30,000,000 and $50,000,000." A copy of an article from the Los Angeles Times for November 4, 1978, referring to these matters is attached hereto, marked Exhibit G [actually, F].

15. On Sunday, December 17, 1978, an article appeared in the *Corpus Christi Caller*, a publicly distributed newspaper in Corpus Christi, Texas, under the heading, "Road to Roloff's New Paradise Proves Rocky." In this article, a copy of which is attached hereto, marked Exhibit G, the newspaper declares that the property is going to be given by Menge, not to Robison, but to one Lester Roloff, another evangelist, indicating that the "gift" may be part of some tax-saving scheme on the part of Menge, the businessman who is actually purchasing it. Among other things,



the article declares that "the price is a steal. For a mere 10.6 million dollars, Roloff Evangelistic Enterprises is getting a piece of property recently appraised at close to $30,000,000, and according to one real estate agent, couldn't be reproduced for less than $50,000,000."

16. While I am not intimately familiar with current real estate values in Texas, I have visited the Big Sandy facility, and am familiar with its physical characteristics. I also am familiar with construction costs from my experience as a contractor. In my opinion, the Big Sandy facility is worth very much more than the reported sale price of $10,600,000, and also very much more than the sum of $8,400,000 attributed to it by Rader in his recently published "balance sheet." Furthermore, the Big Sandy facility is of a special significance to the membership, because it one of the few facilities which is owned by the Church and which is suitable for use for conclaves and other religious gatherings.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 27th day of December, 1978, at Beverly Hills, California.

/s/ Alvin E. Timmons
ALVIN E. TIMMONS

## EXERPTS FROM EXHIBIT A TO DECLARATION OF ALVIN EARL TIMMONS: PASTOR'S REPORT

[LETTER HEAD]

*CLEARING THE AIR ON A SERIOUS RUMOR*

We regret that it is necessary to advise you of another problem we have uncovered.

Let us first say that it is not God's way to accuse. It is not God's way to make public accusations against an individual. God's way is to forgive when a person repents and to cover the wrong. This is what we tried to do.

However, sometimes it is necessary to bring up facts when a failure to do so will perhaps lead some people to fall away from God's Truth. It is to protect the flock that we bring you this information.

Ted Armstrong has been disseminating false and defamatory rumors designed to destroy this Work. The latest accusation concerns Mr. Ray Wright and the financial aspects of God's Work. To save some of the brethren, who may be weak in the faith, from falling away due to not having all the facts, we must again set the record straight.

These are the facts: Ted Armstrong, when he was serving in the office of Executive Vice President of the Church and President of the College, was the direct overseer of God's money. He authorized a member of his staff, Mr. Raymond L. Wright, to misuse monies that the faithful members of God's family had contributed. And, so none of you will doubt, we have that written authorization in our possession.

Ted Armstrong authorized Mr. Wright to pay secretly, out of Church funds, God's money to a private corporation owned by Mr. Wright and Robert Kuhn in Texas. Ted Armstrong's act of authorizing such payment of Church funds laid the foundation and permitted a greater misuse of God's tithe money in subsequent months.



In spite of the clandestine procedures involved, the scheme was uncovered during an audit by Mr. Jack Kessler, and others on the internal auditing staff.

But there is good news in the final analysis. The experience has served to prove the effectiveness of God's auditing procedures and we are pleased to report that by virtue of swift legal action having been taken, God's Work has been able to either recover God's tithe money or obtain adequate assurance of its repayment.

The two men still in God's Work have repented of their involvement in this matter. And when a man repents of his sins God forgives him of the spiritual wrong. He separates his sin as far as East is from the West and he stands clean and forgiven before God.

As the scripture reads, if we do not forgive our brethren once they have repented, then God will not forgive us for our sins (Matt. 6:14-15). Therefore, let us now forgive and forget the matter as to those who remain faithful to God's Work, and go on and defend the Work in renewed faith against those that Satan is using in an attempt to destroy it through every possible means available.

Stanley R. Rader
Ralph K. Helge

*FURNISHING INFORMATION REGARDING FALSE AND VILE ACCUSATIONS*

It has come to our attention that among other means GTA has now started what appears to be a telephone calling campaign in an attempt to destroy the faith of some members. He is making not only false but vile accusations against the brethren.

It is clear that God holds the Church responsible for preserving the flock; that the Church has a duty to prevent the flock from being led into tribulation or eternal death.

The Church has now had to determine what is the most effective means of protecting the flock from this Satanic attack of false and vile accusations. It has been concluded that refuting each false and vile rumor is not in all cases an adequate means of carrying out its solemn obligation.

The Church has now determined that in order to adequately discharge its duty to preserve the flock, the Church must and will file suit against GTA or his associates under the appropriate circumstances, in order to stop the physical source of the rumors. Such action will be taken against any person who would lend themselves as an instrument of Satan to destroy the flock.

Ted Armstrong has not only been disfellowshipped but is likewise spreading false doctrine or doctrine which is false as applied. Therefore, in the first instance the brethren should not be receiving calls or any other communications from him or his associates (II Jn. 10, Rom. 16:17).

If, however, for any reason such communications have been received in the past or, for any reason are received in the future, the Church is now requesting that all such communications be forwarded to the Church's legal office. As we can assume that a countermeasure Satan would inspire at this point would be to temporarily suspend the false and vile accusations, or to contact people to whom they were made and request that they alter the accusations that were told or not respond to this request.

Therefore, we would emphasize the importance of furnishing information regarding accusations already made as well. Further, we would call to the attention of all the brethren, ministers and members alike, of the spiritual obligation imposed upon the Christian of coming forth as a witness with any facts he knows or has heard of (Lev. 5:1).

# WORLDWIDE CHURCH O

# BALANCE SH

## WORLDWIDE CHURCH OF GOD

WORLD HEADQUARTERS
PASADENA, CALIFORNIA 91123

HERBERT W. ARMSTRONG — STANLEY R. RADER

### WORLDWIDE CHURCH OF GOD/AMBASSADOR COLLEGE
### BALANCE SHEET
December 31, 1977

| | Total 12-31-77 | Percentages | |
|---|---|---|---|
| **Assets** | | | |
| Current assets: | | | |
| Cash and Certificates of Deposit | $ 2,307,800 | | 2.8 |
| Short-term investments | 157,300 | | .2 |
| Receivables, current | 794,300 | | 1.0 |
| Inventories and prepayments | 1,614,800 | | 1.9 |
| Total current assets | $ 4,874,200 | | 5.9 |
| Plant assets, net (Note 1) | 61,213,000 | | 74.3 |
| Capital leases, net | 2,475,300 | | 3.0 |
| Plant assets held for sale (Note 1) | 8,400,000 | | 10.1 |
| Ambassador College, United Kingdom (Note 2) | 3,979,100 | | 4.8 |
| Noncurrent receivables | 1,582,500 | | 1.9 |
| Deposits | 1,200 | | |
| Total assets | $83,025,300 | | 100.0 |
| **Liabilities and Fund Balances** | | | |
| Current liabilities: | | | |
| Accounts payable | $ 1,652,200 | 7.5 | 2.0 |
| Accrued liabilities | 481,500 | 2.2 | .6 |
| Current portion of long-term debt | 2,973,500 | 13.5 | 3.6 |
| Current portion of obligations under capital leases | 358,000 | 1.6 | .4 |
| Deferred amounts | 280,400 | 1.3 | .3 |
| Other current liabilities | 205,200 | 1.0 | .3 |
| Total current liabilities | $ 5,950,800 | 27.1 | 7.2 |
| Long-term debt (Note 3) | 13,176,700 | 59.9 | 15.9 |
| Obligations under capital leases | 2,819,200 | 12.8 | 3.4 |
| Deposits owed to students and others | 38,100 | .2 | |
| Total liabilities | $21,984,800 | 100.0 | 26.5 |
| Fund balances: | | | |
| Available for current use | 3,800,500 | | 4.6 |
| Invested in AC UK and plant assets of discontinued operations held for sale | 12,379,100 | | 14.9 |
| Net investment in plant | 44,860,900 | | 54.0 |
| Total fund balances | $61,040,500 | | 73.5 |
| Total liabilities and fund balances | $83,025,300 | | 100.0 |

NOTES TO FINANCIAL STATEMENTS

"Our estimated market value of the Big Sandy campus is in excess of $10

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# WORLDWIDE CHURCH OF GOD

# BALANCE SHEET

WIDE CHURCH OF GOD

WORLDWIDE HEADQUARTERS
PASADENA, CALIFORNIA 91123

STANLEY R. RADER

CHURCH OF GOD/AMBASSADOR COLLEGE
ALANCE SHEET
December 31, 1977

| | Total 12-31-77 | Percentages | |
|---|---|---|---|
| of Deposit | $ 2,307,800 | | 2.8 |
| | 157,300 | | .2 |
| | 794,300 | | 1.0 |
| ments | 1,614,800 | | 1.9 |
| ssets | $ 4,874,200 | | 5.9 |
| ) | 61,713,000 | | 74.3 |
| | 2,475,300 | | 3.0 |
| e (Note 1) | 8,400,000 | | 10.1 |
| d Kingdom | 3,979,100 | | 4.8 |
| | 1,582,500 | | 1.9 |
| | 1,200 | | |
| | $83,025,300 | | 100.0 |
| Balances | | | |
| | $ 1,652,200 | 7.5 | 2.0 |
| | 481,500 | 2.2 | .6 |
| g-term debt | 2,973,500 | 13.5 | 3.6 |
| igations under | 358,000 | 1.6 | .4 |
| | 280,400 | 1.3 | .3 |
| | 205,200 | 1.0 | .3 |
| ies- | $ 5,950,600 | 27.1 | 7.2 |
| iabilities | 13,176,700 | 59.9 | 15.9 |
| leases | 2,819,200 | 12.8 | 3.4 |
| and others | 38,100 | .2 | |
| es | $21,984,800 | 100.0 | 26.5 |
| use | 3,800,500 | | 4.6 |
| plant assets | | | |
| ations held | 12,379,100 | | 14.9 |
| | 44,860,900 | | 54.0 |
| it | $61,040,500 | | 73.5 |
| inces | | | |
| ies and | $83,025,300 | | 100.0 |

.MENTS

*The estimated market value of the Big Sandy campus is in excess of $10 million

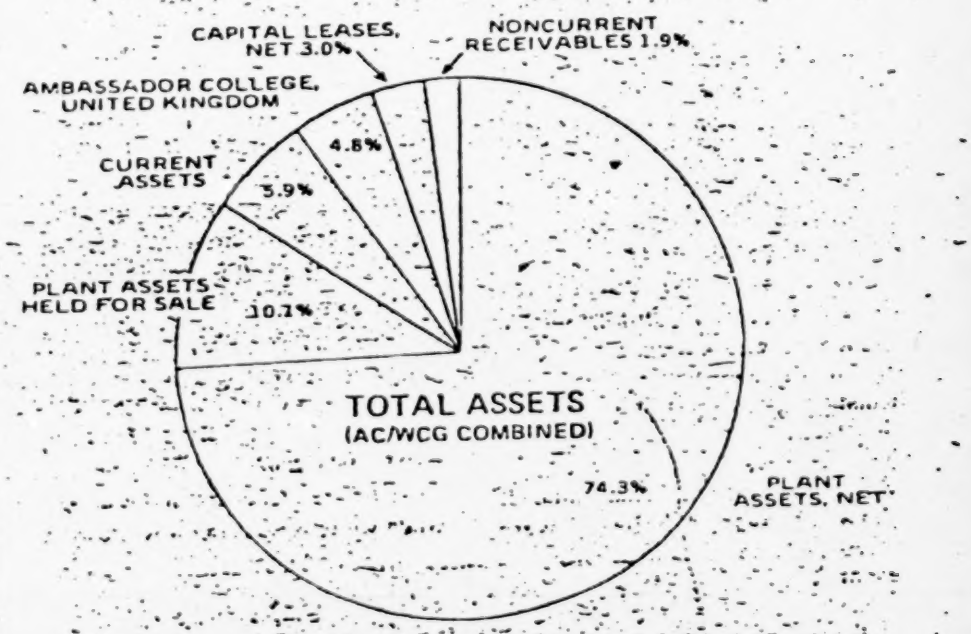
In the Sept. 25 edition of *The Good News*, a Statement of Income and Expenditures with accompanying charts was published. Since it is customary that a Balance Sheet accompany the foregoing statement, the following combined balance sheet of the Worldwide Church of God and Ambassador College for the year ended Dec. 31, 1977, is presented. This statement, however, includes only our United States operations.

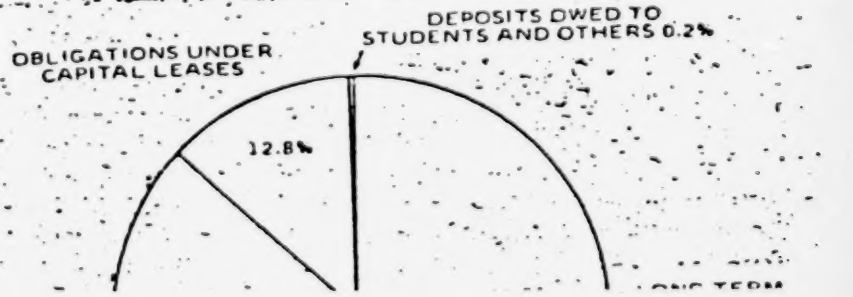
The combined Balance Sheet was derived by combining financial information contained in the certified individual Balance Sheets of the Worldwide Church of God and Ambassador College.

On behalf of Mr. Herbert W. Armstrong, we want to express our deep and sincere appreciation for your continued support of God's Work.

Stanley R. Rader

Treasurer



| | | |
|---|---|---|
| Fund balances: | | |
| Available for current use | 3,200,500 | 4.6 |
| Invested in AC UK and plant assets of discontinued operations held for sale | 12,379,100 | 14.9 |
| Net investment in plant | 44,860,900 | 54.0 |
| Total fund balances | $61,040,500 | 73.5 |
| Total liabilities and fund balances | $83,025,300 | 100.0 |

## NOTES TO FINANCIAL STATEMENTS

**Note 1**

**PLANT ASSETS**

At Dec. 31, 1977, the book value of plant assets other than those held for sale as a result of the discontinuance of operations at the campus in Big Sandy, Tex., are as follows:

| | |
|---|---|
| Land and improvements, net | $ 9,396,100 |
| Buildings and improvements, net | 39,376,000 |
| Business aircraft, net (G-II and Cessna Citation) | 2,915,900* |
| Equipment and furnishing, net | 6,790,000 |
| Library books | 1,237,100 |
| Vehicles, net | 1,407,200 |
| Construction in progress | 349,500 |
| Leasehold improvements, net | 241,200 |
| **Total** | $61,713,000 |

Plant assets located at the campus in Big Sandy are presented below:

| | |
|---|---|
| Land and improvements | $1,092,100 |
| Buildings and improvements | 6,044,100 |
| Equipment and furnishings, net | 910,500 |
| Library books | 263,100 |
| Vehicles, net | 68,700 |
| Aircraft, net | 23,500 |
| **Total** | $8,400,000** |

*Our Gulfstream II aircraft actually appreciated in value and has a market value in excess of $5 million. The Cessna Citation has since been sold.

**Our estimated market value of the Big Sandy campus is in excess of $10 million.

**Note 2**

**AMBASSADOR COLLEGE, UNITED KINGDOM**

The Ambassador College real property in the United Kingdom has been sold for an amount in excess of $4 million.

**Note 3**

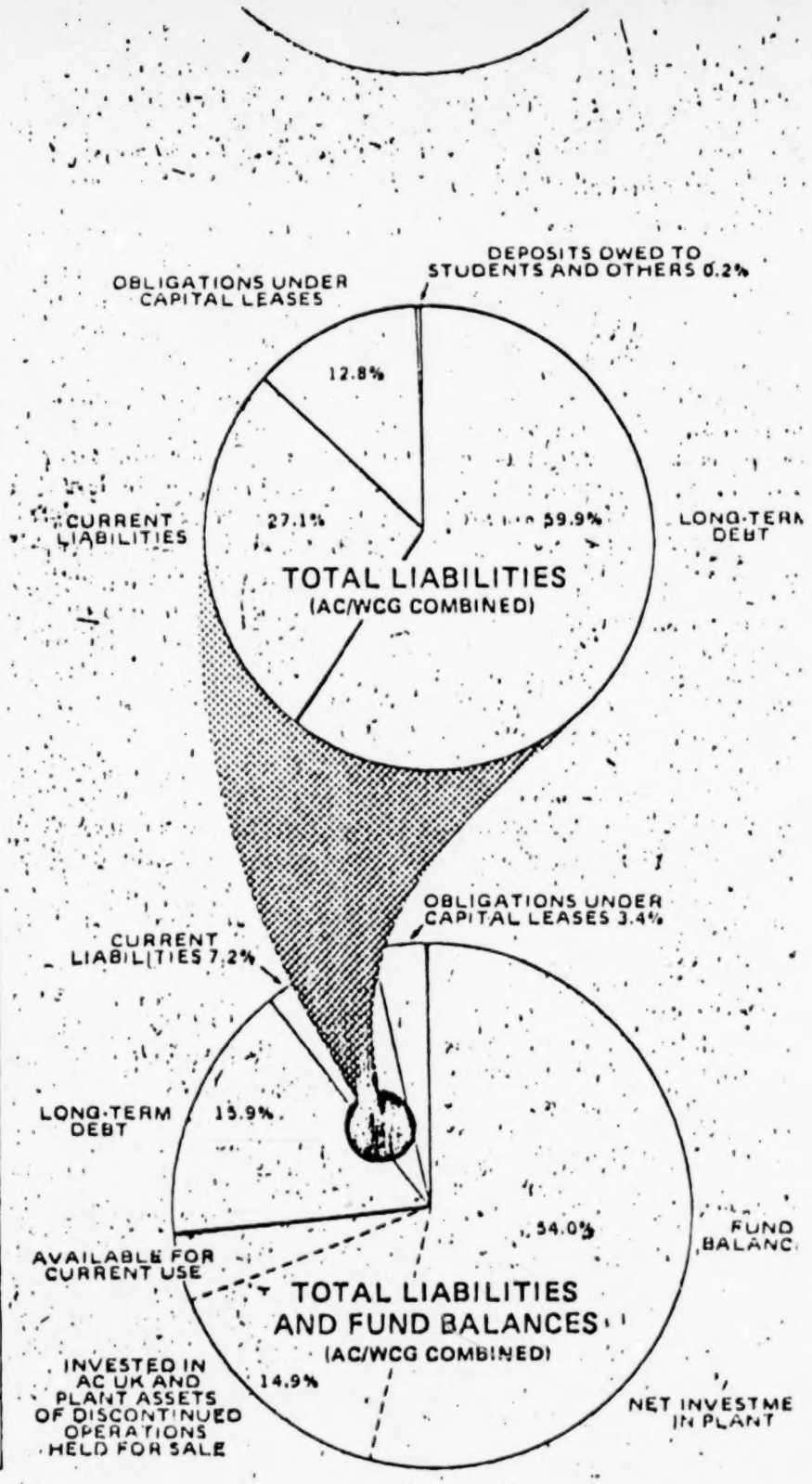
**LONG-TERM DEBT AND CREDIT AGREEMENTS**

Long-term debt, excluding the portion due within one year, outstanding at Dec. 31, 1977, is as follows:

| | |
|---|---|
| Mortgages payable: | |
| Ambassador Auditorium | $ 5,807,600 |
| Student center, parking structure | 1,178,200 |
| Press and transportation buildings | 1,163,800 |
| Hall of Administration | 630,500 |
| Grove Terrace — student dorm | 431,300 |
| Other buildings | 2,189,100 |
| **Total mortgages payable** | $11,400,500 |
| Loans payable | 1,776,200 |
| **Total mortgages and loans payable** | $13,176,700 |

**CREDIT AGREEMENT**

The Church's principal bank line of credit agreement provides for loans of up to $4.3 million as follows: $1 million unsecured line of credit to support cash flow, interest at prime; $2 million unsecured construction line of credit, interest rate at prime plus one-half percent, repayable at $75,000 per month plus interest; $1.3 million secured motor-vehicle-fleet line of credit, interest at prime plus three-fourths percent.



# WORLDWIDE CHURCH OF G

# TREASURER'S REP

1966 TO 1977 WENT TO FEAST — GIVEN NO FINANCIAL REPORT (ONLY OFFERINGS) TAKEN UP AT FEAST

In earlier years Mr. Herbert W. Armstrong traditionally presented a financial report to the brethren at the Feast of Tabernacles. Because of the large number of Feast sites around the world it is now impossible to make such a presentation.

Many have indicated that this information would be of general interest to the brethren and co-workers. Therefore, we are publishing this report in the pages of *The Good News* along with a brief explanation of certain key factors.

The Work's financial statements are audited and certified each calendar year by an independent firm of certified public accountants. The following report was excerpted from the financial statements, which are prepared in conformity with generally accepted accounting principles and fairly represent the results of operations for the calendar year ending Dec. 31, 1977. This report includes the international aspects of the Work as well as all allocations to Ambassador College, *Quest/77* and other special projects.

This Work is viewed with highest regards by our

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suppo

WORLDWIDE CHURCH OF GOD

WORLD HEADQUARTERS
PASADENA, CALIFORNIA 91123

HERBERT W. ARMSTRONG

STANLEY R. RADER

## STATEMENT OF INCOME AND EXPENDITURES

*Year Ended December 31, 1977*

| | Total | % |
|---|---|---|
| SUPPORT AND REVENUE: | | |
| Tithes, Offerings and Contributions | $38,812,700 | 57.8 |
| Festival Fund | 1,467,300 | 2.2 |
| Church Assistance Fund | 3,252,400 | 4.8 |
| Building Fund | 707,500 | 1.1 |
| Holy Day Offerings | 7,055,300 | 10.5 |
| Donated property and estate donations | 199,300 | .3 |
| International income | 14,914,900 | 22.2 |
| Other income | 751,900 | 1.1 |
| Total support and revenue | $67,161,300 | 100.0 |
| EXPENSES: | | |
| *Program services:* | | |
| Personal worldwide evangelism - campaigns and oversea visits | $ 2,738,500 | 4.0 |
| Media - radio and television, program time and production | 4,099,200 | 5.9 |
| Publishing and editorial | 5,476,500 | 8.1 |
| International expenses | 15,867,700 | 23.2 |
| Ministerial expenses | 14,388,700 | 21.0 |
| Ambassador College, Pasadena | 9,844,700 | 14.4 |
| Ambassador College, Big Sandy | 2,305,300 | 8.4 |
| Investment in Quest/77 | 3,404,600 | 5.0 |
| Cultural, educational and humanitarian projects | 625,100 | .9 |
| Total program services | 58,750,300 | 85.9 |
| *Supporting services:* | | |
| General and administrative | 9,670,200 | 14.1 |
| Total expenses | $68,420,500 | 100.0 |
| Excess (deficiency) of support and revenue over expenses | ($ 1,259,200) | |

LDWIDE CHURCH OF GOD

# SURER'S REPORT

and certified each year by an independent firm of certified public accountants. The following report was excerpted from the financial statements, which are prepared in conformity with generally accepted accounting principles and fairly represent the results of operations for the calendar year ending Dec. 31, 1977. This report includes the international aspects of the Work as well as all allocations to Ambassador College, *Quest/77* and other special projects.

This Work is viewed with highest regards by our major lending institutions, and we are continuing to meet our financial obligations on a consistent and timely basis.

Mr. Armstrong wishes to express his appreciation for your continued prayers and loyal financial support.

Treasurer

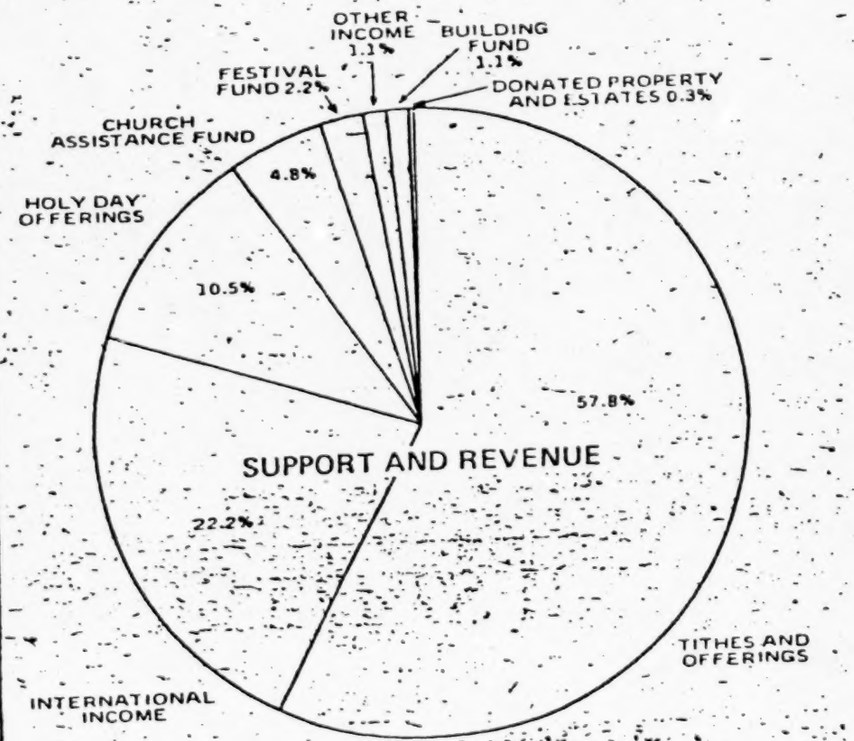
HURCH OF GOD

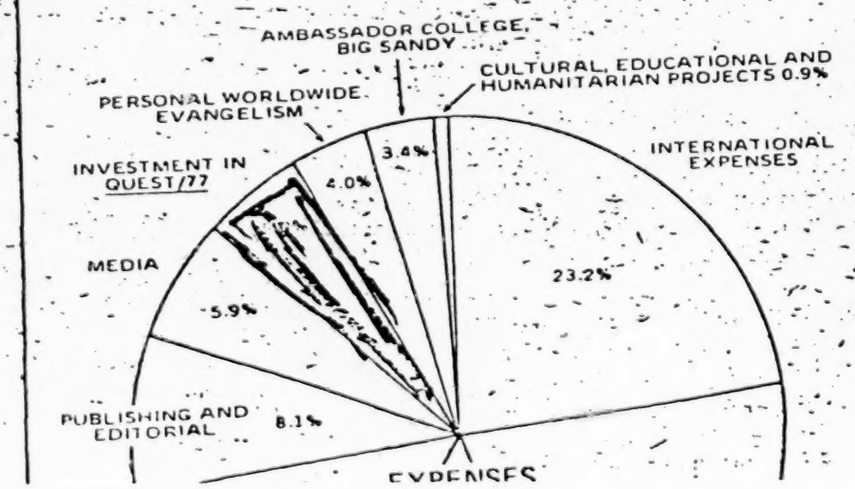
STANLEY R. RADER

E AND EXPENDITURES

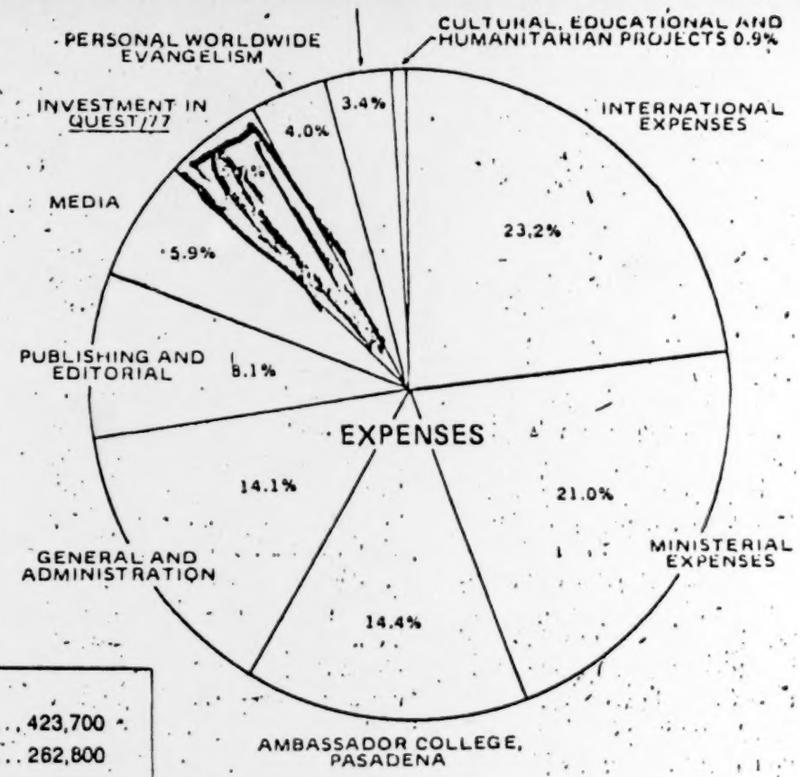
ember 31, 1977

| | Total | % |
|---|---|---|
| | $38,812,700 | 57.8 |
| | 1,467,300 | 2.2 |
| | 3,252,400 | 4.8 |
| | 707,500 | 1.1 |
| | 7,055,300 | 10.5 |
| | 199,300 | .3 |
| | 14,914,900 | 22.2 |
| | 751,900 | 1.1 |
| | $67,161,300 | 100.0 |
| mpaigns | $ 2,738,500 | 4.0 |
| ram | 4,099,200 | 5.9 |
| | 5,476,500 | 8.1 |
| | 15,867,700 | 23.2 |
| | 14,388,700 | 21.0 |
| | 9,844,700 | 14.4 |
| | 2,305,300 | 6.4 |
| | 3,404,600 | 5.0 |
| arian | 625,100 | .9 |
| | 58,750,300 | 85.9 |
| | 9,670,200 | 14.1 |
| | $68,420,500 | 100.0 |
| support | ($ 1,259,200) | |



| | | |
|---|---|---|
| time and production | 4,099,200 | 5.9 |
| Publishing and editorial | 5,476,500 | 8.1 |
| International expenses | 15,867,700 | 23.2 |
| Ministerial expenses | 14,388,700 | 21.0 |
| Ambassador College, Pasadena | 9,844,700 | 14.4 |
| Ambassador College, Big Sandy | 2,305,300 | 3.4 |
| Investment in *Quest/77* | 3,404,800 | 5.0 |
| Cultural, educational and humanitarian projects | 625,100 | .9 |
| Total program services | 58,750,300 | 85.9 |
| Supporting services: | | |
| General and administrative[3] | 9,670,200 | 14.1 |
| Total expenses | $68,420,500 | 100.0 |
| Excess (deficiency) of support and revenue over expenses[4] | ($ 1,259,200) | |




## NOTES ON THE STATEMENT OF INCOME AND EXPENDITURES

**BASIS OF REPORT**

Receipts and expense figures were taken from the certified financial statements. In addition figures were obtained from all ten field operations and added to the certified figures allowing us to present a worldwide financial statement.

**INVESTMENT IN 'QUEST/78'**

*Quest/78* has a circulation of over 300,000 per issue and is expected to be self-supporting by February, 1979.

Currently, two major communications conglomerates and several other major U.S. industrial corporations have shown an interest in acquiring *Quest/78*. We should expect a minimum of 4,000,000 should the magazine be sold at an early date.

**GENERAL ADMINISTRATIVE EXPENSES**

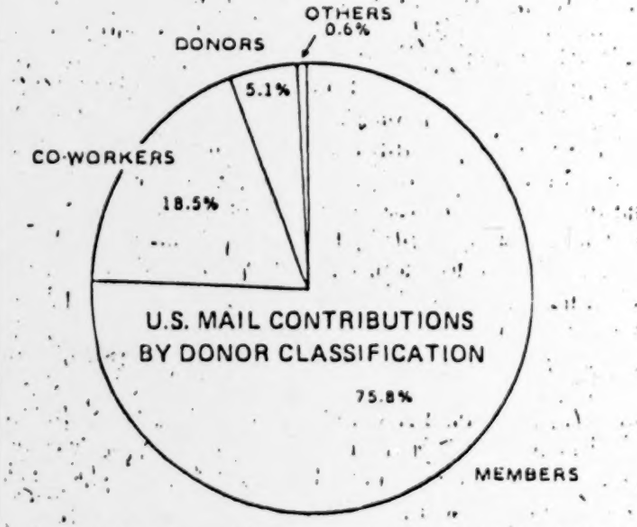
| | |
|---|---|
| General services salaries, administrative salaries and related expenses | $4,086,600 |
| Contract service payments and fees | 1,155,700 |
| Supplies | 634,300 |
| Telephone and utilities | 472,400 |
| Postage and shipping | 545,200 |
| Use of facilities | 423,700 |
| Property rentals | 262,800 |
| Travel | 95,500 |
| Vehicle operating expenses | 165,000 |
| Insurance | 598,100 |
| Interest | 572,700 |
| Taxes, licenses and fees | 250,400 |
| Depreciation and amortization | 297,700 |
| Miscellaneous | 110,100 |
| Total general and administrative expenses | $9,670,200 |

**DEFICIENCY**

This deficiency (excess expense over revenue) was met by short-term borrowing from our bank — United California Bank.

## NOTE ON CHARTS

To assist the reader in visualizing the financial data, we have prepared the accompanying charts. The first two charts graphically portray the same information presented in the Statement of Income and Expenditures. The third chart depicts the U.S. mail contributions by donor classification. As you can see the membership is responsible for 75.8 percent of all U.S. donations made to the Work.



MR. STANLEY R. RADER
PASADENA EXPENSES BEING HELD FOR PAYMENT:

| | | |
|---|---|---|
| BEVERLY HILLS UTILITIES | $ 287.26 | |
| PROPERTY TAX ON BEVERLY HILLS HOME | 7,284.47 | |
| LANDSCAPING FOR BEVERLY HILLS HOME | 413.17 | |
| EXPENSE ALLOWANCE | 2,782.00 | |
| MORTGAGE PAYMENT OF BEVERLY HILLS HOME | 2,400.00 | |
| TOTAL EXPENSES FOR BEVERLY HILLS | | $13,166.90 |

MISCELLANEOUS PASADENA EXPENSES BEING HELD FOR PAYMENT:

| | | |
|---|---|---|
| MRS. UPTON | $ 480.00 | |
| CENTURY FILING SERVICE | 268.00 | |
| LAW BOOKS | 567.92 | |
| DICTATING AND TRANSCRIBING SERVICE | 666.74 | |
| WHITE TIE LIMOSINE SERVICE | 367.55 | |
| INSURANCE | 54.00 | |
| LA SCALAS | 694.78 | |
| BEVERLY WILSHIRE | 16.68 | |
| MISCELLANEOUS SUBSCRIPTIONS | 19.36 | |
| TOTAL MISCELLANEOUS EXPENSES | | 3,135.03 |
| TOTAL PASADENA EXPENSES BEING HELD FOR PAYMENT | | $16,301.93 |

A. TIMMONS C

EXECUTIVE EXPENSE ANALYSIS
Pasadena, California
March 3, 1979

MR. STANLEY R. PADER
TRAVEL EXPENSES BEING HELD FOR PAYMENT:

| | |
|---|---|
| HOTEL PLAZA ATHENEE - PARIS | $22,571.19 |
| TWA - LOS ANGELES TO NEW YORK | 347.00 |
| WHITE ELEPHANT LTD. - LONDON | 83.85 |
| WILSHIRE TRAVEL | 1,536.00 |
| TOTAL TRAVEL EXPENSE | $24,538.04 |

EXECUTIVE EXPENSE ANALYSIS
Pasadena, California
March 3, 1978

MR. STANLEY R. RADER
TUCSON EXPENSES BEING HELD FOR PAYMENT:

| | | |
|---|---|---|
| FURNISHINGS FOR TUCSON HOME | $7,508.65 | |
| MORTGAGE PAYMENT ON TUCSON HOME | 999.30 | |
| TELEPHONE | 944.88 | |
| APPLIANCE SERVICE | 64.88 | |
| HOME ALARM SERVICE | 32.00 | |
| POOL SERVICES | 42.50 | |
| PEST CONTROL SERVICE | 11.03 | |
| HOUSEKEEPING SERVICE | 580.00 | |
| UTILITIES-GAS AND ELECTRIC | 237.91 | |
| GOLF CLUB | 170.67 | |
| TOTAL EXPENSE FOR TUCSON | | $10,591.17 |

EXECUTIVE [illegible]
Pasadena, California
March [illegible], 1978

MR. STANLEY R. RADER
SUMMARY OF EXPENSES BEING HELD FOR PAYMENT:

| | | |
|---|---|---|
| EXPENSES FOR BEVERLY HILLS HOME | $13,166.90 | |
| MISCELLANEOUS EXPENSES | 3,135.03 | |
| TOTAL PASADENA EXPENSES | | $16,301.93 |
| EXPENSES FOR TUCSON HOME | | 10,591.17 |
| TRAVEL EXPENSES | | 24,538.04 |
| TOTAL EXPENSES BEING HELD FOR PAYMENT | | $51,431.14 |

MR. HENRY F. CORNWALL
TRAVEL EXPENSES BEING HELD FOR PAYMENT:

| | |
|---|---|
| IMPERIAL HOTEL | $22,925.56 |
| HERTZ | 190.64 |
| NATARNI NEZ-TUCSON | 37.00 |
| HARRODS | 281.98 |
| POLAND HOTEL AND RESTAURANT | 732.87 |
| JAPAN AIRLINES | 24,881.28 |
| WHITE TIE - LIMOUSINE SERVICE | 107.80 |
| TWA - LOS ANGELES TO TOKYO (ROUND TRIP) | 1,937.00 |
| TOTAL EXPENSES BEING HELD FOR PAYMENT | $51,094.13 |

STANLEY R RADER

July 24, 1978

Dear Ted:

We did want to take this time and opportunity to write you regarding the arrangements the Church was willing and desirous of undertaking regarding your recent termination.

Perhaps, first, I should mention that under the policy and procedures adopted by the Church and College you are considered as having been discharged "for cause," and as a consequence would not legally be entitled to any severance, termination, retirement or other type of benefit or financial arrangements.

However, as a matter of Christian courtesy, and not by virtue of any legal obligation, Mr. Herbert Armstrong, with the counsel and consent of his advisors, has agreed that the Church pay you the sum of $50,000.00 per year in bi-monthly installments less federal and state withholding.

The payment of such sum is subject, however, to the unconditional right of the Church to terminate said payments at any time, with or without cause, within the Church's sole and objective discretion. Without limitation upon the generality of the foregoing, one of the conditions that would result in the termination of said payments would be breach of the following confidentiality provision.

We feel that inasmuch as you would morally consider information within your knowledge and possession as confidential and private under any circumstances, that the confirmation of such would not create an additional burden on you.

Therefore, this is to confirm that in carrying out your past duties for the Worldwide Church of God, Ambassador College and Ambassador International Cultural Foundation, and by virtue of the relationship created thereby, you have from time to

A TIMMONS D

session, custody, or control of information and documentation which concerned the affairs of Worldwide Church of God, Ambassador College and Ambassador International Cultural Foundation and the lives of their officers, employees, directors and agents, which information and documentation was and is confidential and private.

By accepting either of the benefits provided herein, or any portion thereof, you agree to maintain the confidentiality and privacy of such information and documentation regarding such corporations and persons which you have within your knowledge, possession, custody, or control. Further, you agree never to release, divulge, disclose, make available, or in any other manner make known any such information or documentation, in perpetuity, which you have within your knowledge, possession, custody or control. You further agree to take reasonable precautions to safeguard all such information and documentation.

Whether any information or documentation is private or confidential shall be decided by the Church. Such decision shall be within its sole and subjective discretion and shall be deemed conclusive and determinative of the question.

Pursuant to your conversations with Mr. Herbert Armstrong, we are also enclosing a license agreement whereby the Church agrees to permit your use of the Tahoe cabin under the terms set forth.

If you are in agreement with the same, please sign one copy of the agreement in the place provided and return within 15 days from the date of this letter. A self-addressed stamped envelope is enclosed for your convenience in doing so.

In the event you are not desirous of utilizing the Tahoe cabin please advise as arrangements have been made with Mr. Evans to assist you in removing your personal effects from the cabin and to obtain all keys pertaining to the property.

It should be noted that the use of the Tahoe cabin, and the financial arrangements, are without legal obligation but are based solely upon the certain subjective, discretionary spiritual determinations based upon the Bible. Therefore, acceptance of either of the foregoing or any portion thereof, will constitute full payment and satisfaction of any and all obligations that might exist between yourself, the Worldwide Church of God, Ambassador College or Ambassador International Cultural Foundation, and any of their officers, directors, employees, or agents, resulting in a full release and discharge of each of them from any and all obligations that may exist to the date hereof.

garding A.I.C.F. so we may complete our corporate records in this regard.

It is our sincere hope that you will see fit to accept the following under the terms and conditions provided and in the attitude of love and concern in which they are offered.

In Jesus' name,

Stanley R. Rader

SRR:vak

Encls.

# ARMSTRONG TEXAS CAMPUS SOLD FOR $10.6 MILLION

The Big Sandy branch of Ambassador College in east Texas has been sold to a Virginia businessman for $10.6 million, Stanley Rader, spokesman for Herbert W. Armstrong's Worldwide Church of God, has confirmed.

Rader said the sale of the 1,600-acre facility, "pending approval of the church's Executive Committee" this weekend, had been consummated. The property was put up for sale by the church after Armstrong reversed the decision of his son, Garner Ted Armstrong, to transfer college operations there from the Pasadena campus of Ambassador.

The younger Armstrong was subsequently ousted from the theocratic empire of his father last June, and the Pasadena school is now operating on a vastly reduced scale. Students from the Big Sandy campus already had been transferred to Pasadena.

The Baptist Press announced last week that businessman F. William Menge had brought the Texas property and given it to the James Robison Evangelistic Assn. Robison is a Southern Baptist preacher.

Robison's associates placed the property's value at between $30 million and $50 million, according to the Baptist Press.

The real estate includes 330 buildings, 25 houses, a 16,000-seat convention center, 60-acre lake, a 9-hole golf course, a landing strip, airplane hangar, four large dormitories and a gymnasium-auditorium seating 3,500.

Robison was reported to have plans for youth camps, retreats, conferences and discipleship training on the site, as well as to build a retirement center.

A TIMMONS F

Therefore, each and every person who has or does receive a letter or telephone call or any other type of communication, from GTA, or any of his associates, making accusations against God's Church is now being asked to forward the following information regarding the matter to the Church's Legal Office:

> Please include the approximate date of the communications, who was involved in the communication, and exactly what was said. If the communication was in writing or taped, please forward a copy.

If it would appear that some of the brethren are likely to fall away by virtue of certain false and vile accusations, and that simply refuting them will not appear likely to prevent this injury, then with this information appropriate action can and will be taken.

So there is no misunderstanding brethren, it must be understood that if legal action is taken, it is not for the purpose of vengeance but simply to discharge the Church's duty to preserve the flock. Further, if the issues were only matters of doctrine, then it would be left to the ministry to carry out one of their primary duties to protect the flock by refuting and stopping the mouth of the gainsayer.

This reporting requirement should be considered as being in addition to any other reporting obligation to any other person or department you may have presently.

Stanley R. Rader
Ralph K. Helge

. . .

DECLARATION OF SHIRLEY TIMMONS

I, SHIRLEY TIMMONS, hereby declare as follows:

1. I am one of the relators named in the within action. I make this declaration in support of the application for appointment of a temporary receiver and a temporary restraining order, and for a receiver and injunction pendente lite.

2. I am the wife of Alvin Timmons. I have been a member of the Church as long as he has.

3. I am also a licensed real estate associate. In recent weeks, I made various inquiries at the office of the Los Angeles County Tax Assessor and the office of the Los Angeles County Recorder in order to ascertain whether any properties standing of record in the name of the Worldwide Church of God or Ambassador College had recently been sold or transferred to others. Attached hereto, collectively marked Exhibit A, are certified copies of eleven grant deeds executed between May 18 and November 2, 1978, by Ambassador College, conveying eleven different parcels of real property. According to the documentary transfer tax information reflected on the deeds, the selling price of these eleven parcels aggregated approximately $3,000,000. Most of the deeds were executed for Ambassador College by Stanley Rader or Ralph Helge. Among the transferees were Raymong Franklin McNair and his wife, known to me to be directors of Ambassador College; Bill M. Evans and his wife, Mr. Evans being a real estate broker who has handled many real estate matters for the Church for compensation; and Bernell C. Michel and Shirley Michel, who appear to be related to the Gene Michel who executed two of the deeds to other parties on behalf of the College. I do not know the full extent of the relationship between the other transferees and the Church or its affiliated companies.



I declare under penalty of perjury that the foregoing is true and correct.

Executed this 27th day of December, 1978, at Beverly Hills, California.

/s/ Shirley Timmons
SHIRLEY TIMMONS

## APPENDIX E.

### *EMPLOYMENT AND CONSULTING AGREEMENT*

This Employment and Consulting Agreement ("Agreement" herein) is made and entered into this 30th day of July, 1976, by and between Worldwide Church of God ("Church" herein), a California corporation headquartered in Pasadena, California, and Stanley R. Rader ("Rader" herein). This Agreement is made with reference to the following facts:

A. From 1957, when Rader first joined Church, until 1963, Rader served as the chief financial adviser and certified public accountant for Church and its related entities, which include Ambassador College and the Ambassador International Cultural Foundation, both of which are headquartered in Pasadena, California. During the period of 1964 to 1974, Rader served as general counsel and chief financial adviser to Church and its related entities. Since March 1975, Rader has served as and is presently serving as a director, executive vice-president, executive director, vice-president for financial affairs, secretary-treasurer and general counsel for Church and/or its related entities.

B. Rader, in addition to possessing exceptional managerial skills, is a certified public accountant and an attorney licensed to practice law in the State of California. Prior to 1969, Rader had developed excellent professional practices in both law and accounting which provided him with independent financial security. In 1969, Church's founder, Herbert W. Armstrong, requested that Rader devote all of his time to Church and its related entities instead of engaging in the practices of law or public accountancy. Although such commitment required him to abandon his professional practices in both law and accountancy developed over a period of many years, Rader agreed to serve Church full time. Both Church and Rader recognize that Rader's commitment to



Church has resulted in tremendous professional sacrifices by Rader, particularly since Rader has been unable to maintain the skills and client contacts sustainable only through the conduct of a full-time legal and accounting practice.

C. Church recognizes the substantial, unselfish contributions which Rader has made to Church and its related entities, and now desires to enter into this Agreement with Rader to assure Church of the continued services of Rader, to assure Rader security with Church, and to set forth the rights and duties of the parties hereto.

NOW, THEREFORE, in consideration of the foregoing recitals and promises and agreements herein contained, the parties agree as follows:

1. *Employment.*

For the duration of the Employment Period (as defined in Paragraph 2), Church hereby employs Rader and Rader accepts and agrees to such employment, upon the terms and conditions hereinafter set forth. During the Employment Period, Rader's duties shall involve and be controlled by the following:

1.1 Rader's sole duty shall be to act as the Chief Adviser to Herbert W. Armstrong, Chairman and President of Church, in connection with Mr. Armstrong's efforts to promote and enhance the image of Church throughout the world. The duties of Rader shall consist of accompanying and assisting Mr. Armstrong in his travels around the world promoting social, health, educational and charitable activities in other countries to enhance the image of Church and for the purpose of developing other international congregational branches of Church.

1.2 Rader's title shall be "Chief Adviser," and no other person or entity employed or engaged by Church shall be given such title.

1.3 As the Chief Adviser, Rader shall be given absolute discretion in performing his advisory duties; in particular, Church desires that Rader be given as much freedom as possible consistent with his employment obligations to make suggestions, make recommendations and otherwise give advice to Mr. Armstrong.

1.4 With the objective of permitting Rader to devote his full time to advising Mr. Armstrong, Rader is hereby relieved of and shall not be given nor assume those functions, responsibilities or duties customarily performed by officers or other personnel of a corporation engaging in the same or similar enterprises as those engaged in by Church.

1.5 Rader shall devote all of his working time to act as Chief Adviser to Mr. Armstrong, but in any case not any more time than Mr. Armstrong devotes to Employer as its President and Chairman of the Board.

2. *Term of Employment.*

Subject to the provisions for earlier termination as provided in Paragraph 4, Rader's term of employment by Church (the "Employment Period" herein) shall commence on July 30, 1976, and shall continue for a period of seven (7) years terminating at midnight on July 29, 1983.

3. *Compensation.*

During the Employment Period, Rader shall receive the following compensation and coverages:

3.1 *Salary.*

For all of his services as Chief Adviser, Rader shall receive a salary of Two Hundred Thousand Dollars ($200,000.00) per year. Each year during the Employment Period, Rader's annual salary shall be payable in at least twelve (12) equal consecutive monthly installments.

3.2 *Expenses.*

Church shall pay for all expenses incurred by or on behalf



of Rader in performing as Chief Adviser, including but not limited to all travel, lodging, entertainment and meal expenses. Recognizing that Rader will be traveling around the world meeting with many dignitaries, including Heads of States, in all cases Rader shall be provided with first-class accommodations at Church's expense. All out-of-pocket expenses incurred by Rader in the performance of his duties as Chief Adviser shall be promptly reimbursed by Church to Rader within thirty (30) days after Rader's incurrence thereof.

3.3 *Fringe Benefits.*

Vacations, sick leaves, employee group insurance and other fringe benefits for Rader shall be in accordance with Church's personnel policies governing its senior executives, and if no such policies have been adopted, as Church may authorize from time to time, such authorization not to be unreasonably withheld.

3.4 *Automobile.*

Each year during the Employment Period, Church shall provide to Rader, by purchase, lease, or otherwise (at Church's expense), a motor vehicle suitable to Rader's status and needs in the performance of Rader's duties as Chief Adviser. Said motor vehicle shall be a late model 6-passenger automobile, not older than three (3) years.

4. *Termination as Chief Adviser.*

During the Employment Period, the employment of Rader as Chief Adviser may be terminated only in the event of any of the following:

4.1 Mutual written agreement, signed by both Church and Rader.

4.2 The death of Rader.

4.3 Rader's habitual intemperance, habitual refusal to work that amount of time required by Paragraph 1 (other

than because of a "Partial Disability" or "Total Disability", as such terms are defined in Paragraph 6), and/or conviction of a crime involving moral turpitude.

4.4 Herbert W. Armstrong's death, Total Disability or Retirement. As used in this subparagraph: "Total Disability" means any injury, illness or other physical or mental condition which results in Mr. Armstrong being able to perform only less than fifty percent (50%) of his "normal working time" (as defined in subparagraph 6.3, except that for purposes hereof only, the name "Mr. Armstrong" shall be substituted for "Rader") as President and/or Chairman of Church. "Retirement", means Mr. Armstrong's withdrawal from or curtailment of his activities as an employee of Church at *any* time which results in Mr. Armstrong not performing at least fifty percent (50%) of his "normal working time" (as defined in subparagraph 6.3, subject to the immediately preceding exception) as the President and/or Chairman of Church, for *any* reason, whether because of termination of his employment or otherwise, whether voluntary or involuntary, *other than* solely because of Mr. Armstrong's sufference of a disability. If Mr. Armstrong voluntarily announces that he is going into Retirement and withdraws from or curtails his activities as an employee of Church, then he shall be deemed to have gone into Retirement.

5. *Change of Status to Independent Senior Consultant.*

*5.1 Events Resulting in Change of Status.*

Upon the first to occur of the normal expiration of the seven (7) year Employment Period or Herbert W. Armstrong's death, Total Disability (as defined in subparagraph 4.4 above) or Retirement (as defined in subparagraph 4.4 above), Rader's employment as Chief Adviser shall thereupon terminate, at which time (1) the provisions of Paragraphs 1 through 4 shall be of no further force or effect and



(2) the provisions of this Paragraph 5 shall immediately and automatically take effect and control the relationship between Church and Rader. The first of said events to occur is hereinafter referred to as the "Triggering Event."

5.2 *Consulting Services to be Performed by Rader.*

For the duration of the Consulting Period (as defined in subparagraph 5.3), Church engages Rader as an independent contractor, and Rader hereby accepts and agrees to such engagement, upon the terms and conditions hereinafter set forth. During the Consulting Period, Rader's obligations shall involve and be controlled by the following:

5.2.1 Rader's obligations shall be to act as a consultant to Church; which obligations shall primarily involve making suggestions, making recommendations and otherwise giving advice to Church in regard to those areas of management in which Rader has substantial expertise as set forth in recital A to this Agreement.

5.2.2 Rader's title shall be "Senior Consultant", and no other person or entity employed or engaged by Church shall be given such title.

5.2.3 Provided that the extent of the services required is reasonable, Rader agrees to act in any of the positions held by him immediately prior to the execution of this Agreement.

5.2.4 In any event, Rader may be required to devote up to, but not in excess of, one-half of his working time each year in acting in this independent contractor capacity, which in no case shall exceed fifty percent (50%) of his "normal working time" (the time actually so expected of Rader is hereinafter referred to as "Consulting Time").

5.3 *Consulting Period.*

Subject to the provisions for earlier termination as provided in subparagraph 5.5, Rader's term of engagement as Senior Consultant by Church (the "Consulting Period")

shall commence on the occurrence of the Triggering Event and shall continue until midnight on July 29, 2003, when this Agreement shall terminate; thereafter, said engagement shall be subject to renegotiation by and between Church and Rader upon terms and conditions mutually agreeable to both parties.

5.4 *Compensation.*

During the Consulting Period, Rader shall receive the following compensation and coverages:

5.4.1 *Salary.*

For all of his services as Senior Consultant, Rader shall receive a salary of One Hundred Thousand Dollars ($100,000.00) per year. Each year during the Consulting Period, Rader's annual salary shall be payable in at least twelve (12) equal consecutive monthly installments.

5.4.2 *Expenses.*

Church shall pay for all expenses incurred by or on behalf of Rader in performing as Senior Consultant, including but not limited to all travel, lodging, entertainment and meal expenses. In all cases, Rader shall be provided with first-class accommodations at Church's expense. All out-of-pocket expenses incurred by Rader in the performance of his obligations as Senior Consultant shall be promptly reimbursed by Church to Rader within thirty (30) days after Rader's incurrence thereof.

5.5 *Termination as Senior Consultant.*

During the Consulting Period, the engagement of Rader as Senior Consultant may be terminated only in the event of any of the following:

5.5.1 Mutual written agreement, signed by both Church and Rader.

5.5.2 The death of Rader.



5.5.3 Rader's habitual intemperance, habitual refusal to work that amount of time required by subparagraph 5.2.4 (other than because of a "Partial Disability" or "Total Disability", as such terms are defined in Paragraph 6), and/or conviction of a crime involving moral turpitude.

6. *Disability Definitions.*

For purposes of this Agreement, the following definitions shall apply:

6.1 *Partial Disability.*

"Partial Disability" means any injury, illness or other physical or mental condition which results in Rader being able to perform more than fifty percent (50%) but less than one hundred percent (100%) of his (1) "normal working time" (as defined in paragraph 6.3) as the Chief Adviser during the Employment Period or (2) "Consulting Time" as the Senior Consultant during the Consulting Period, as appropriate.

6.2 *Total Disability.*

"Total Disability" means any injury, illness or other physical or mental condition which results in Rader being able to perform only less than fifty percent (50%) of his (1) "normal working time" as the Chief Adviser during the Employment Period or (2) "Consulting Time" as the Senior Consultant during the Consulting Period, as appropriate.

6.3 *Normal Working Time.*

"Normal working time" means the performance of those hours of services by Rader customarily expected of a person in Rader's position; provided, however, that in no event shall said time exceed the average number of hours which Rader has devoted to Church in the performance of his services per year based on the three (3) most recently completed calendar years during which Rader has served Church in any capacity.

7. *Payments in the Event of Disability.*

7.1 *Partial Disability.*

In the event that Rader shall suffer a Partial Disability, Rader shall be entitled to receive, during the Disability Period (as defined in subparagraph 7.3), all compensation, benefits and other converages, without diminution in any case, which he otherwise would have received had he worked full time and performed all of his services pursuant hereto during such period. For example, if Rader suffers a Partial Disability during the Employment Period, he shall receive all of the compensation and coverages provided for in Paragraph 3 for the duration of such disability; provided however, that if such disability continues into the Consulting Period, Rader shall upon commencement thereof receive all of the compensation and coverages provided for in Paragraph 5.4 for the duration of such disability (but not beyond the Consulting Period).

7.2 *Total Disability.*

In the event that Rader suffers a Total Disability, Rader shall be entitled to receive, during the Disability Period, all compensation, benefits and other coverages, without diminution in any case, which he otherwise would have received had he worked full time and performed all of his services pursuant hereto during such period, until the period of Total Disability shall aggregate twelve (12) consecutive months; thereafter, for each consecutive calendar month subsequent thereto that Rader continues to suffer the Total Disability, Rader shall be entitled to receive disability payments from Church equal to Twelve Thousand Five Hundred Dollars ($12,500) for each such month of disability, payable on the last day of each such month.

7.3 *Duration of Payments.*

In the event of a Partial Disability or a Total Disability, Rader shall be entitled to receive all compensation, benefits



and other coverages pursuant to the foregoing subparagraphs of this Paragraph 7 from the date such disability commences until the earlier to occur of the date such disability terminates or the date the Consulting Period terminates (said period is herein referred to as the "Disability Period"). If Rader recovers from any disability prior to expiration of the Consulting Period, he shall continue working for the Church pursuant hereto as the Chief Advisor or Senior Consultant, as appropriate.

8. *Non-Competition Covenant.* Rader shall not, without the prior written consent of Church, during the term of this Agreement, engaged in any business directly competitive with Church's activities as conducted on the date this Agreement is executed, whether alone, as a partner or member, or as an officer, director, employee or shareholder of any other corporation. Ownership of not more than five percent (5%) of the stock of any publicly held corporation shall not be deemed to be so competitive or adverse.

9. *Severable Provisions.*

The provisions of this Agreement are severable and if any one or more provisions may be determined to be judicially unenforceable, in whole or in part, the remaining provisions, and any partially unenforceable provision to the extent enforceable in any jurisdiction, shall, nevertheless, be binding and enforceable.

10. *Dissolution, Merger or Consolidation.*

This Agreement shall not be terminated by the voluntary or involuntary dissolution of Church or by any merger or consolidation where Church is not the surviving or resulting corporation, or upon any transfer of all or substantially all of the assets of Church. In the event of any such merger or consolidation, or transfer of assets, the provisions of this Agreement shall be binding on and shall inure to the benefit

of the surviving or resulting corporation or the corporation to which such assets shall be transferred.

11. *Assignment.*

The rights of Church (but not its obligations) under this Agreement may, without the consent of Rader, be assigned by Church to any parent, subsidiary, affiliate or successor of Church pursuant to a merger, consolidation or transfer of assets as provided in Paragraph 10. Except as provided in the preceding sentence, Church may not assign any or all of its rights, duties or obligations hereunder without the prior written consent of Rader. The rights and obligations of Church under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of Church.

12. *Hold Harmless.*

During the Employment Period and the Consulting Period, Church shall save Rader harmless from and against any loss or damages howsoever caused by reason of any injuries or damages (whether to body or to property, or to personal or business character or reputation) sustained by any person or to any property by reason of any act, neglect, default or omission of Church or Rader while acting in his capacity as the Chief Adviser or the Senior Consultant, and Church shall pay all sums to be paid or discharged in case of an action for such damages or injuries. If Rader is sued in any court for damages on the basis of any of the reasons referred to in this Paragraph 12, Church shall defend said action at its own expense and shall pay and discharge any judgment that may be rendered against Rader in any such action; if Church fails or neglects to so defend in said action, Rader may defend the same and any expense, including reasonable attorneys' fees, which Rader may pay or incur in defending said action and the amount of any judgment



which Rader may be required to pay shall be repaid to Rader by Church immediately upon demand.

13. *Notices.*

All notices, requests, demands and other communications shall be in writing and shall be deemed to have been duly given if personally delivered or if mailed by certified or registered mail, postage prepaid, addressed as follows:

To Rader:

840 Loma Vista
Beverly Hills, California 90212
To Church:
300 W. Green St.
Pasadena, California

Any party may change its address for purposes of this Agreement by written notice duly given as aforesaid to the other party hereto.

14. *Attorneys' Fees.*

In the event of any legal action arising under this Agreement or by reason of asserted breach hereof, the prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred in enforcing or attempting to enforce any of said terms, convenants or conditions, including costs incurred prior to commencement of legal action and all costs and expenses, including reasonable attorneys' fees, incurred in any appeal from an action brought to enforce any of said terms, covenants or conditions.

15. *Representation and Warranty re Authority of Church.*

Church represents and warrants that (1) it is a corporation duly organized, existing, and in good standing under the laws of California; and (2) the execution and delivery of this Agreement by Church and the performance of Church's obligations hereunder have been duly authorized, and no

further corporate authorization is necessary on the part of Church.

16. *Waiver.*

Either party's failure to enforce any provision or provisions of this Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

17. *Titles and Headings.*

Titles and headings to paragraphs hereof are for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof.

18. *Governing Law.*

The parties hereto agree that it is their intention and covenant that this Agreement and performance hereunder and all suits and special proceedings hereunder be construed in accordance with and under and pursuant to the laws of the State of California, United States of America, and that in any action or other proceeding that may be brought arising out of or in connection with, or by reason of this Agreement, the laws of the State of California shall be applicable and shall govern to the exclusion of the law of any other forum, without regard to the jurisdiction in which any action or proceeding may be instituted and without reference to California's conflict of laws rules.

19. *Entire Agreement.*

This Agreement supersedes all prior agreements and understandings between the parties and may not be modified or terminated orally. No modification, termination or attempted waiver shall be valid unless in writing, signed by the party against whom the same is sought to be enforced.



IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day and year first set forth above.

WORLDWIDE CHURCH OF GOD ("CHURCH")
/s/ By Herbert W. Armstrong
Herbert W. Armstrong, President
By Garner Ted Armstrong, Executive
Vice President
/s/ Stanley R. Rader
Stanley R. Rader

*EMPLOYMENT AND CONSULTING AGREEMENT ADDENDUM*

This is an Addendum to the Employment and Consulting Agreement (''Agreement'' herein) and is made and entered into this 25th day of August, 1976, by and between the Worldwide Church of God (''Employer'' herein), a California corporation, and Stanley R. Rader.

Notwithstanding recitations to the contrary, should Mr. Herbert W. Armstrong die or become permanently disabled during the employment period, Rader shall forthwith become Chief Adviser to Garner Ted Armstrong and shall serve him and the Church (''Employer''), as well as its related or affiliated entities in the same manner as he had previously served Mr. Herbert W. Armstrong and the Church.

Employer shall have the option to renew the employment period for another seven-year period under the same terms and conditions as the present Agreement, but, should Employer elect not to renew the Agreement, then, and only then, shall the consulting aspects of the Agreement become effective.

Furthermore, Rader's salary during the *Employment* period and in the case of a renewal of the Agreement shall be at the rate of $175,000.00 per year instead of the $200,000.00 as previously stated.



In witness whereof, all parties have duly executed this Agreement on the day and year first set forth above.

WORLDWIDE CHURCH OF GOD
(Employer)
By: HERBERT W. ARMSTRONG
President and Chairman of the Board
/s/ By: Garner Ted Armstrong
GARNER TED ARMSTRONG
Executive Vice President
/s/ By: Stanley R. Rader
STANLEY R. RADER
Employee

## APPENDIX F.

### Excerpts From Reporter's Transcripts of Hearings in Los Angeles Superior Court, March 12 and 15, 1979

From transcript of March 12, 1979 hearing, page 56:

MR. BROWNE: Now, Your Honor, there is one other point, and that is the integrity of the assets, which was the first point Your Honor mentioned. I just don't see any reason to worry about that since there's been no proof that there have been any assets gone or missing. That's been a claim. And the prohibitory injunction protects the court in that regard. That part of the court's order prohibiting the transfer of personal property, real property, and the destruction of any documents, will be maintained in effect, without any question. That's not affected or stayed on appeal.

So, Your Honor, with this additional information, I would urge the court to reconsider its initial thoughts on whether my clients are anxiously fighting against the audit. Not at all. The only thing we are trying to do is preserve the rights that Mr. Horvitz mentioned. Those constitutional rights which we believe are appropriate.

And if Your Honor will recall when you made the order, we resisted—we resisted—three-quarters of that order. It took two hours to hammer out that order in this court. And one point after another we resisted. And I think it's fair inference from my resistance, Your Honor, that we were not going to waive our rights in that connection.

THE COURT: No one has suggested that you have or you should.

MR. BROWNE: Good, Okay.

From Transcript of March 15, 1979, page 16:

MR. BROWNE: Your Honor, let me make the statement—



THE COURT: Let met just say this, Mr. Browne: You are not going to change my mind. The receiver is going in with an auditor or the receiver is going in without an auditor. And it is just that simple, and I am not going to change that.

MR. BROWNE: Your Honor, the audit can go forward. The only thing that happened was, the order which this court made on March 12, which I resisted for two hours, in various material respects, the court will recall that, I never said that that order was acceptable. I mean the inference was directly to the contrary.

The thing that I would like to point out, Your Honor, is that the audit can go forward, and I suggested that to the Attorney General, pursuant to subpoena re depositions, request for production of documents, like any other lawsuit. They are not stayed on appeal.

THE COURT: I don't think they are obligated to perform an audit with the use of discovery processes, Counsel, which is what you are suggesting: Let's stop everything and let's let them provide through discovery departments of this court and secure an audit by getting an order once a day and have you contest it and then go forward again and get another order and have you contest it, further responses, further objections.

## APPENDIX G.

**Excerpts From Reporter's Transcript of the September 21, 1979 Hearing in Los Angeles Superior Court, Pages, 25-27.**

THE COURT: Let's don't spend a lot of time on this because you really will run on the ragged edge if you do. You have spent weeks and months maintaining a position, and I know that you do it in good faith or at least, I believe it, and that's close to knowing it, and you have put in the way of the plaintiff every road block you can envision, and you are very competent counsel, and I complimented the defense manytimes on the caliber and execution of the documents, and on its persistent and resourceful and really exemplary representation of the position of the defense and the church and the church members believe and I believe that they believe that they are in the right; they believe that they can spend their money in a religious way any way that they want, and I am not at all sure that they cannot do that, and I don't consider that anything I have done has said that they could not spend the money any way they want in the workings and operation of their church, and when I stayed discovery on behalf of the defendants to this date, it was not, believe me, in a moment of pique. It was because, I think, elemental fairness requires that each side have a chance to proceed with discovery, and you have done and you are doing everything that you can do to prevent any discovery by the plaintiff, and since, if I understand the plaintiff's postion at all, it is really that, if there is a problem, Mr. Rader is the heart of the problem, and so the plaintiff seeks to depose Mr. Rader, and Mr. Rader resists that in every way that he can, and, as you are aware, Mr. Brown, for many weeks and months the court allowed discovery to go forward by the defendant, partly because of various problems you were having with the relators and because I expected that the problems with respect to making some discovery by the defendant would be resolved, but we came to a point, and I believe we are still at the point where it is clear that you on behalf of your client intends to make no discovery at all unless ordered to do so by a court considerably higher than this court, and I see no real reason to continue to allow the court's processes to be used by your clients when your clients have no intention of making discovery themselves. I would also remind you that we have here a number of different entities and defendants, and I believe that today we are talking about discovery and documents which are really discovery and documents having to do with people and entities which have done business with the church, and I believe that these records are records of doing business with the church, and not necessarily in and of themselves church records as such. Now, so far nothing that I have heard would cause me to lift that stay. I look forward as you do to some instruction from another level of the judicial system if some instruction is going to be forthcoming as to what is the proper path here, and what should the court do, and what should the parties do, and, as you are aware, it's only been as a result of the court's ruling this week that this matter is finally to be at issue since, I think, you have from thirty days from early in the week to file an answer, and we are nine months plus into the case. . . .

## APPENDIX H.

Excerp From Articles of Incorporation of
Worldwide Church of God

The purpose, business and pursuit of this corporation will be. . .

(d) To do each and every thing necessary, suitable, convenient, or proper for the accomplishment: of any one of the purposes or the attainment of any one or more of the objectives herein enumerated, or conducive to or expedient for the interest or benefit of the corporation and to contract accordingly; and, in addition, exercise and possess the powers, rights and privileges necessary or incidental to the purposes for which this corporation is organized or to the activities in which it is engaged; and, in addition, any other rights, powers and privileges granted by the laws of the State of California to ordinary corporations, except such as are inconsistent with the express provisions of Title XII, Article I, of the General Nonprofit Corporation Law of the State of California.

This corporation is one which does not contemplate pecuniary gain or profit to the members thereof. The source of income is gratuities, legacies, bequests, tithes and offerings from members and the public.

ARTICLE IV.

The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:



[Names Omitted]

The number of persons named above shall constitute the number of directors of the corporation, until changed by an amendment to the by-laws increasing or decreasing the number of directors.

EXCERPT FROM
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
WORLDWIDE CHURCH OF GOD

2. That at a meeting of the board of directors of said corporation, duly held at 363 Grove Street, Pasadena, California, on January 5, 1968, the following resolution was adopted:

RESOLVED: That ARTICLE VIII is hereby added to the Articles of Incorporation of this corporation to read in full as follows:

ARTICLE VIII

"Upon the winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to a nonprofit fund, foundation or corporation, which is organized and operated exclusively for charitable, educational, religious and/or scientific purposes and which has established its tax exempt status under Section 501 (c) (3) of the Internal Revenue Code. If this corporation holds any assets in trust, such assets shall be disposed of in such manner as may be directed by decree of the Superior Court of the County in which this corporations' principal office is located, upon petition therefor by the Attorney General or by any person concerned in the liquidation."

## APPENDIX I.

**Excerpt From March 2, 1979 Order Dissolving Receivership, Pages 1 and 2.**

Superior Court of the State of California, for the County of Los Angeles.

Case No. C 267 607.

The order to show cause re continuation of the receivership in the above-entitled matter came on for hearing in Department 48 of the above-entitled Court on February 21, 1979, at 10:00 A.M., before the undersigned. Plaintiffs and relators were represented by Lawrence Tapper, Hillel Chodos, and Rafael Chodos, Esqq. Defendants were represented by Ervin, Cohen and Jessup and Allan Browne, Ellis Horvitz, David Harney and Marshall Morgan, Esqq.

Defendants have moved this Court to dissolve the receivership, asserting that the purposes and objectives of the receivership in examining the financial affairs and protecting the assets can be achieved successfully through the medium of injunctive orders, with which defendants have assured the Court that they will comply. Accordingly and upon the application of defendants, in order to afford them an opportunity to permit the accomplishment of the said purposes and objectives without a receivership; and in order to preserve and protect the assets of the defendant nonprofit corporations, and to ensure that the Attorney General's financial review shall be completed as soon as is practicable; and after full consideration of the moving and responding papers filed in the matter, and of the additional evidence presented at the hearing; and after argument and due consideration of all matters presented; the Court hereby orders as follows:. . .



## APPENDIX J.

**Declaration of Lauren R. Brainard in Support of Motion to Hold Defendants' Discovery in Abeyance.**

Superior Court of the State of California, for the County of Los Angeles. No. C 267 607.

I, Lauren R. Brainard, declare:

1. I am an attorney at law duly licensed to practice in all the courts of the State of California. I am a Deputy Attorney General in the offices of George Deukmejian, Attorney General of the State of California, located at 3580 Wilshire Boulevard, Suite 500, Los Angeles, California 90010. As one of the counsel for the plaintiff, the People of the State of California, I have personal knowledge of the facts set forth herein below and, if called as a witness, could and would testify competently thereto.

2. Since the inception of these proceedings the defendants have obtained the following discovery:

A. Production of documents and or other things pursuant to Minute Order of May 29, 1979. Plaintiff supplied copy to defendants on June 29, 1979.

B. Responding to the same said Minute Order of May 29, 1979, plaintiff supplied to defedants a listing of all "church documents in plaintiff's possession." The said listing consisted of 54 pages containing 819 items.

C. Deposition of Benjamin Roy Chapman on April 9, April 23, April 27, May 17 and to be continued July 13, 1979. Plaintiff has not had an opportunity to ask any questions of Mr. Chapman to date.

D. Obtained General Telephone Company records and documents via SDT on or about May 18, 1979.

E. Deposition of Robert F. Kuhn on or about May 18, 1979 which was not completed but rather adjourned without plaintiff having been given the opportunity to examine Mr. Kuhn. Mr. Kuhn supplied documents pursuant to SDT which documents were sequestered by defendants' counsel. They are the subject of a motion before this court with hearing continued to July 17, 1979 to allow defendants the opportunity to designate specific documents which they believe are priviledged or otherwise shielded from the discovery of plaintiff.

F. Defendants have also obtained documents from David Antron and C. Wayne Cole pursuant to SDT which they have not made available to plaintiff. These documents were supplied to defendants counsel Allan Browne on or about June 1, 1979. C. Wayne Cole confirmed this fact at the time of his deposition on June 27, 1979 while David Antron declared this to be the fact to me during the course of telephone conversations during the week of June 4, 1979.

G. Deposition of C. Wayne Cole on June 27, 1979 which was not compeleted but rather adjourned at the end of the day without opportunity of plaintiff to examine Mr. Cole.

H. Deposition of John Tuit in New Jersey on June 13, 1979 which deposition was adjoured but not completed without opportunity for plaintiff to examine Mr. Tuit.

I. Deposition of Paula Tuit in New Jersey on June 14, 1979 which deposition was not completed but rather adjourned at the end of the day without opportunity for plaintiff to examine the deponent.



J. Deposition of relator Quinlan in New Jersey on June 15, 1979 without opportunity for plaintiff to examine Mr. Quinlan.

K. Deposition of Court Reporter Patricia Kupferer on July 3, 1979.

3. Plaintiff has obtained no discovery from defendants in these proceedings. Not a single document or other item has been produced and, with the exception of the attempted deposition of Stanely R. Rader on April 3 and April 4, 1979, which the court has found was not in compliance with his duty to make discovery, the plaintiff has not been accorded the opportunity to examine any witness by deposition. Neither have defendants responded other than by objection to any interrogatory propounded to defendants, whether corporate or individual. Attempts, thus far futile, to obtain discovery from defendants, excepting the matters of the deposition of Stanely R. Rader and Herbert W. Armstrong which are presently before the court on this motion, are as follows:

A. Subpoena duces tecum directed toward Bruce Bunner, partner in Peat Marwick and Mitchell, for production of records gathered while serving as employee of court appointed receiver, retired Judge Steven M. Wiseman. As the court is aware, defendants have moved for a protective order regarding said production, which motion was continued to July 17, 1979 in order that defendants may specify those documents which are claimed to be priviledged from discovery by the plaintiff. By telephone conference of July 3, 1979, I was informed by Allan Browne, counsel for defendants, that his office did not expect to be prepared to proceed by that date and would seek further continuance of that matter.

B. On or about May 18, 1979 requests for production of documents were served on each of the nonprofit defendant corporations. On or about June 13, 1979 the plaintiff received response to said request consisting entirely of objections. Plaintiff will be forced to make a Motion to Compel Production of Said Documents and Things.

C. On or about May 18, 1979 plaintiff served interrogatories on each of the nonprofit defendant corporations. On or about June 25, 1979 plaintiff received responses which consisted entirely of objections to said interrogatories. Plaintiff will be forced to make a Motion to Compel Answers to Said Interrogatories.

D. On or about June 5, 1979 the plaintiff served on Stanley R. Rader a Request for Production of Documents. On or about July 3, 1979 plaintiff received a response consisting entirely of objections. Plaintiff will be forced to make a Motion to Compel Production of Said Documents and Things.

E. On or about June 5, 1979 plaintiff served on defendant Henry Cornwall a Request for Production of Documents and Things. On or about July 3, 1979 plaintiff received a response thereto consisting entirely of objections. Plaintiff will be forced to apply to this court for an order compelling said production.

F. On or about June 5, 1979 plaintiff served on defendant Ralph Helge a Request for Production of Documents and Things. On or about June 26, 1979 plaintiff received a response thereto consisting entirely of objections. Plaintiff will be forced to apply to this court for an order compelling production.

G. On or about June 5, 1979 plaintiff served a Notice of Deposition on defendants Ralph Helge and Henry Corwall for July 16, and July 11, 1979 respectfully. On or about July 28, 1979 I received a telephone call from Allan Browne, counsel for defendants. He informed me that Messr. Rader and Cornwall would not appear for the depositions but rather would make a Motion for Protective Order to this court.



4. Defendants have pending the following discovery in these proceedings:

A. First Set of Interrogatories to the Plaintiff (1-71) with responses due on or about July 12, 1979.

B. Deposition of Ben Chapman to be continued on July 13, 1979.

C. Deposition of Earl Timmons on July 17, 1979.

D. Deposition of Shirley Timmons on July 18, 1979.

E. Deposition of Chester Roberson on July 19, 1979.

F. Third Set of Interrogatories Directed to Plaintiff (78-151) with responses due on or about August 8, 1979.

G. Deposition of Garner Ted Armstrong in Tyler, Texas on July 30, 1979.

H. Deposition of Hillel Chodos on August 1, 1979.

I. Deposition of David Morgan on August 2, 1979.

J. Deposition of William Evans on August 7, 1979.

K. Request of plaintiff to produce documents on July 25, 1979.

Executed this 6th day of July, 1979 at Los Angeles, California.

I declare under penalty of perjury the foregoing is true and correct.

[Signed by Lauren R. Brainard]

## APPENDIX K.

**Excerpts From the January 10-12, 1979 Hearing in Los Angeles Superior Court, Pages 216-226.**

VIRGINIA N. KINESTON,

called as a witness by the relators, affirmed and testified as follows:

THE CLERK: Be seated and state and spell your name for the record, please.

THE WITNESS: Virginia N. Kineston, K-i-n-e-s-t-o-n.

DIRECT EXAMINATION

BY MR. CHODOS:

Q. Mrs. Kineston, you are Mr. Rader's secretary?

A. That's right.

Q. How long have you acted in that capacity?

A. One year and approximately two months.

Q. You are married to John Kineston, who is his administrative assistant and limousine chauffer?

A. That's correct.

Q. Now, Mrs. Kineston, you have filed two affidavits or declarations in this proceeding, have you not?

A. That's correct.

Q. And, Mrs. Kineston, just to review briefly for background, you were physically on the premises in the fourth floor suite of offices on the morning of Wednesday, January 3, when Judge Weisman first arrived?

A. Yes, I was.

Q. And it is correct, is it not, that someone came to the door at around 9 o'clock, or a few minutes after, and said they had a court order and wanted to come in and take some records?



A. I cannot remember that Mr. Chodos said he had a court order. He shoved a piece of paper in my face and told me that that gave him the authority to come in and confiscate our records.

I asked him if I could have time to call my attorney. He said no, he had to have the records first and then I could call my attorney.

And I told him I haven't read the paper yet and didn't know what it said. And he told me that it gave him the authority to come in and take the records.

And I told him I wasn't doing anything until I talked to my attorney.

Q. That gentleman was Mr. Rafael Chodos?

A. Yes.

Q. You called Mr. Rader first thing?

A. Yes.

Q. He told you not to do anything until the orders were examined by a lawyer?

A. Mr. Rader asked me who it was, and I said I don't know who the people are.

He said is he a private attorney, and I said yes.

And he said, well, we have to get counsel on it.

Q. You then locked the door?

A. No. The door was locked before that.

I opened the door and let him in. I shoved the door and locked it again. I told him I was not letting him in.

Q. Then you locked all the doors to that suite?

A. Correct.

Q. Then shortly afterwards, as your declaration indicates, the agents of the Department of Justice turned off the power to an elevator that runs—private elevator that runs from that fourth floor suite to the ground floor?

A. Yes.

Q. And somebody was trying to go down that elevator with records?

A. They weren't records that belonged in our office. They had been delivered to us that very morning when our office was under siege, and I wanted them out. They didn't belong to the corporation. They belonged to a legal—you know, some attorneys, and they didn't belong to us.

He told us he was trying to confiscate our records, and I said get them out, they are not ours.

Q. They belonged to Rader, Helge and Gerson?

A. I assumed they were.

Q. That was the church legal office?

A. They are not part of our executive office, no.

Q. Now, Miss Kineston, ultimately the doors were not opened until around 3 o'clock in the afternoon; isn't that right?

A. Correct.

Q. And they were opened by a security man from the college named Mr. Sprouse?

A. Correct.

Q. At that time I came in, and Raphael Chodos came in and some other people came in?

A. A swarm of people came in.

Q. Yes. You have described it as like a Nazi swarm and so on?

A. Correct.

Q. And the first thing you did, Miss Kineston, was call Mr. Rader; isn't that right?

A. No. I did not call Mr. Rader. I called Mr. Helge.

Q. And what did you tell him?



A. I told him that they had broken into the office, that they were swarming all over the place, grabbing things up. They wouldn't give me an opportunity to go through the office with any kind of order whatsoever. They were running in and out of doors.

I was trying to get our secretaries to go with them and escort them to make sure they didn't confiscate things or stick things in their pockets or briefcases.

Q. Now, Miss Kineston, just a couple of other matters.

You learned at some point that there were allegations of paper shredding?

A. Yes, I did.

Q. And you filed a special supplemental declaration; did you not?

A. Yes, I did.

Q. On the Fifth day of January, 1979, for the hearing on Friday evening?

A. Correct.

Q. And what you explain in here is that you are responsible for running the day-to-day administrative matters of our office, and are generally in staff work for Mr. Rader, and at no time have you or any other person working in the office destroyed any document, book, financial record or other matter generated or belonging to the church, foundation or college; is that right?

A. That's probably—that is what I said. Anything that is original, no, I have never destroyed, ever.

Q. Well, let me read you paragraph 3:

> "When we moved in the offices we found a small paper shredder, about the size of a wastepaper basket, in one of the offices which previously had been occupied by an assistant to Garner Ted Armstrong."

A. Correct.

Q. Now, Miss Kineston—

A. It is Mrs. Kineston.

Q. Mrs. Kineston. Mrs. Kineston, have you used the shredder?

A. Of course.

Q. You have used the shredder?

A. Of course I have used the shredder. We get all kinds of weird mail in our office. We get pornography up there. I put it in the paper shredder.

Q. Did you use the shredder on the day that Judge Weisman was out there?

A. I did not.

Q. Did anybody in your office use the shredder on that day?

A. I cannot testify to what other people did. I did not use the shredder.

Q. Well, as a matter of fact, Mrs. Kineston, it is true, is it not, that this shredder was regularly used?

A. In—yes.

Q. In your offices, up to and including the day that Judge Weisman came up there?

A. Of course. I have never denied that.

Q. Well, is there any document that you destroyed in this shredder that you did not include within the following phrase? Let me read you the sentence again from your declaration.

> "At no time have I or any other person working in this office destroyed any document, book, financial record or other matter generated or belonging to the church, foundation or college."

A. May I explain something, Your Honor?

THE COURT: Go ahead.



THE WITNESS: Everything that we have in our office is a duplicate of something that has been generated somewhere else within the college or church confines. Every financial record that I have ever had in that office has usually been generated, sent to me by Mr. Bickett, who is the head of our data processing and accounting firm.

If I have shredded them, it is because we have no use for them. They are totally overwhelmed with files, memo type, in our office. I have never shredded anything that can't be duplicated immediately.

THE COURT: Have you ever thrown anything away without shredding it?

THE WITNESS: Constantly.

THE COURT: Why would you want to shred junk mail?

THE WITNESS: Because we have people that—you have to understand about the organization. We have people within our organization that are not particularly friendly to the organization, but they get the paycheck from them. They like to go through the mail when it comes out of the executive suite and pick up things, and thinking they have got some kind of confidential information.

Usually—I got a letter one day addressed to Mrs. Rader, homemaker, and when I opened it up the filth was incredible, pictures from Hustler magazine and stuff like this. Well, we don' read Hustler magazine. So I put it in the paper shredder. I am not going to keep things like that in my file.

THE COURT: Anything further?

MR. CHODOS: One more thing.

Q. Do you have someone in your office whose initials are V. S.?

A. Yes, Valerie Searles.

Q. What does she do?

A. She is our file girl, and she is the general office girl for us.

Q. Mrs. Kineston, after we read your declaration, we had some of the shredded contents of your destroyed shredder reassembled.

A. Fine.

Q. And this is one of the papers. This is a copy of one of the reassembled documents.

A. Okay. I understand. I understand what this is about.

First of all, Judge Weisman's name—which she can testify to—this is Judge Weisman's name, was not on the message to begin with, and Mr. Kent McNeil, who called in during all of the confusion up there the day, you know, they were trying to come into the office, and for music of America, he is something. I don't know what it was Valerie said, "I said what does he want?" "I think he wants money."

You have to understand we have a foundation that supports certain, you know, charitable functions, whatever, sometimes crippled children, or whatever, and people will call in and ask us to send them a check in support, or whatever the thing is.

Then during the course of the day, for some reason, Valerie explained it to me, and at this moment I can't remember the exact explanation. I am sure she can give it to you.

She wrote Judge Weisman's name down on the top of this. More crap is all it was. She was just being cute. You have to know Valerie to understand. She thought that was cute.

Q. I think it is cute too.

A. I do too.



Q. Mrs. Kineston, will you explain this exhibit 7—may I—

THE COURT: May I see it, please.

MR. CHODOS: It is a Xerox of a reconstructed shredded document. We have the original, Your Honor. I think we have even the reconstituted document. The Attorney General would like to keep the original.

Q. We will be through in just a minute, Mrs. Kineston.

We have another reconstituted document from the destroyed one, Mrs. Kineston, which is a copy of a message from Kent McNeil, without Judge Weisman's name on it.

Do you remember seeing that before?

A. I—you are going to have to call Miss Searles. She is the one that wrote the thing.

THE COURT: Do you recall ever seeing it before?

THE WITNESS: Yes, yes. That is the one I recall that has Judge Weisman's name on top of it. I don't recall seeing this one.

MR. CHODOS: This one I will mark exhibit 8.

Q. I want to point out to you not only Judge Weisman's name, it doesn't have the V.S. initials at the bottom.

A. That is not my handwriting.

Q. My question is, can you tell me, Mrs. Kineston, why two copies of a message which was ultimately intended or related to Judge Weisman should have been put in the shredder on Wednesday?

A. I didn't put them in the shredder, so I don't know.

**PAGES 229-241**

JOHN M. KINESTON,

called as a witness by the relators, affirmed and testified as follows:

THE CLERK: Be seated and state and spell your name for the record, please.

THE WITNESS: John M. Kineston. J-o-h-n, M., K-i-n-e-s-t-o-n.

DIRECT EXAMINATION

BY MR. CHODOS:

Q. Mr. Kineston, you are Mr. Rader's chauffer and admnistrative assistant, are you not?

A. That would be a fair statement, I think.

Q. Mr. Kineston, is it correct that on Wednesday, the 3rd of January, sometime in the middle of the morning or toward noon you took a limousine to the transportation building and took a quantity of documents from the transportation building and put them in the limousine?

A. That is not true.

Q. Did you take any documents from their usual location, from the location where they were on Wednesday to transport them somewhere else?

A. I did not.

Q. You didn't take any documents?

A. I took no documents ever to—in my life have I taken any documents. I don't know what they are in a sense. I Don't deal with documents.

Q. All right. And do you have any recollection, Mr. Kineston, of taking the limousine to the transporation building on Wednesday morning and then going from there to the airport at Burbank?

A. I have no recollection of that whatsoever.

Q. All right. Mr. Kineston, did you talk to Mr. Rader any time, say, between 9:00 and 10:30 on Wednesday morning?

A. 9:00 and 10:30?

THE COURT: I take it you are referring to last Wednesday?



MR. CHODOS: Wednesday, the 3rd, yes.

THE WITNESS: This is the day of the raid; is that correct?

Q. BY MR. CHODOS: The day Judge Weisman came out to Pasadena.

A. I did not see Judge Weisman that day.

I did not—I did not have anything to do with any Burbank business. This Burbank business—

As far as I know, I have no knowledge of going to Burbank whatsoever.

Q. That is what you told me a minute ago.

A. State the question again.

Q. Did you talk to Mr. Rader at any time between 9:00 and 10:30 on the morning of the day Judge Weisman showed up in Pasadena?

A. To my knowledge, I did not.

Q. All right. Now, Mr. Kineston, I want to direct your attention to Saturday night and Sunday, the 6th—Let's talk about the period first from Friday night, the 5th, through Sunday night, the 7th.

A. You will have to guide me very carefully here. I don't recall everything I do hour by hour.

I have been rather busy the last week, so let's get it precise.

Q. I'll resist the temptation.

Mr. Kineston, at any time between Friday night, which is when the first court hearing was held before Judge Foster, you were there?

A. At the court hearing with Judge Foster on Friday night?

Q. That is when I served you with a subpoena.

A. Yes, you served me in a telephone booth outside the courtroom. Yes, that's correct.

Q. After you left the courthouse—that was an evening hearing—and after you left the courthouse and until Sunday night, did you have any occasion to enter or to go to the financial data processing building that the college maintains a couple of blocks north of the administration building?

Do you know the building I am talking about?

A. I will tell you it would have been absolutely impossible, because it was filled with guards.

I went near—before that I remember seeing a guard whom I assumed to be somebody, sort of a plainclothesman. And I—this is not on that day. This is on another day. So I had no reason to go there.

I haven't been anywhere near there since, as far as I know. I haven't been anywhere near the building.

Q. Let me see if I can get straight what you are telling me.

You are saying sometime before the court hearing, the evening hearing in Judge Foster's courtroom, you drove past the data processing building?

A. Sometime prior to that? Well, of course, that would be hundreds of times, of course, in my job.

I would say that I recollect it was prior to that that I remember seeing a guard posted out there. I believe that was on the day orginally in question I recall that.

I don't think it's relevant, probably, but I had no reason to go there. I'm simply saying that—

THE COURT: Listen to the question, please, and just answer the question.

THE WITNESS: Yes, Your Honor.

MR. CHODOS: I'll try and get you off the stand in a minute.

THE WITNESS: I think the answer is no.



Q. BY MR. CHODOS: I would like to clarify it a little more.

For our purposes, Mr. Kineston, we can confine ourselves to the period after you learned that Judge Weisman was at the college and that he had security guards, and so on.

After that, but before Judge Foster's hearing, I understand you drove past the data processing facility and you observed that there were security guards there?

According to my own testimony that I'm now adding, yes, that's correct.

I did—I don't know there were security guards. I'll be honest about this. I saw late model car parked out front. It could have been possibly yellow. I don't recall. I don't know who was in it, but it seemed to me that the gates were closed, which is very unusual.

So I saw this. I saw this. It was long before the period in question. So I'm simply stating that I would have no reason to even think I could get into that building.

Q. Okay, Mr. Kineston. What I'm trying to get at—

A. During your period in question I most assuredly definitely never went near the building.

Q. After you made that observation, you are telling us you never went near that financial data processing building until today?

A. To the best of my knowledge, I can't—

Can't you tell me it's impossible to get into the building, wasn't it?

THE COURT: Now, now, listen to the question, please.

The answer is to your knowledge you never did?

THE WITNESS: Your Honor, I apologize. I have never been in court before.

THE COURT: Go ahead.

Q. BY MR. CHODOS: And you are telling us, Mr. Kineston, that you have never, since you heard Judge Weisman was on the premises—you have not taken or removed any records or anything to do with church records?

A. Absolutely correct. That is true.

MR. CHODOS: Nothing further.

THE COURT: Any questions?

MR. BROWNE: Nothing, Your Honor.

THE COURT: You may step down. Thank you.

MR. CHODOS: Call Mr. Roberson to the stand, Your Honor.

CHESTER ROBERSON,

called as a witness by the relators, affirmed and testified as follows:

THE CLERK: Be seated and state and spell your name for the record, please.

THE WITNESS: My name is Chester Roberson. C-h-e-s-t-e-r, R-o-b-e-r-s-o-n.

DIRECT EXAMINATION

BY MR. CHODOS:

Q. Mr. Roberson, are you a member of the church?

A. Yes.

Q. A baptized member?

A. Yes.

Q. Are you also an employee at the church?

A. Yes.

Q. How long have you been employed?

A. 25 years, but including one year I went to college and worked part time.

Q. And what is your job now?



A. At the present I'm a small engine mechanic and have been for the last four or five or perhaps six years. But before that I was a gardener.

Q. Gardener?

A. Right.

Q. And you worked at the college at the campus in Pasadena every day?

A. Yes.

Q. What building do you normally report to work?

A. It's called the transportation building. I work in the rear of it.

Q. Mr. Roberson, you have been in the courtroom the last few minutes and just heard Mr. Kineston testify?

A. Yes.

Q. Do you know Mr. Kineston?

A. Not personally, but I have seen him at least once a week and maybe more oftern in that building, up in the front of it, when I go to get coffee.

Q. All right. You know who he is and what he does?

A. Yes.

Q. What you mean about when you say you don't know him personally, you mean you are not friendly with him?

A. No. No. And I'm sorry. I don't know what he does. I didn't know that.

Q. All right. In any event—By the way, Mr. Roberson, you are here under subpoena, are you not?

A. Right.

Q. Mr. Roberson, were you at the transportation building on Wednesday, January 3, Wednesday, a week ago?

A. Yes.

Q. And did you see Mr. Kineston at the building on that date?

A. Yes, I did.

Q. About what time was that?

A. The best I can remember it was between 3:00 and 3:30. I went to get a cup of coffee on my coffee break.

Q. What did you observe Mr. Kineston was doing? What did you see him do?

A. When I first observed Mr. Kineston, he was coming from a parked automobile inside of the garage building with something in his hands. What, I don't know.

It was approximately this wide and that thick (indicating). It looked like books, record books, but I don't know what it was.

MR. BROWNE: Objection, Your Honor. I'm going to move to strike "It looked like record books."

He said, quote, I don't know what it was, right after that. And that is speculation.

THE COURT: Describe it. What did you see?

THE WITNESS: Your Honor, what I saw Mr. Kineston have in his hands at that time was about that thick (indicating).

THE COURT: About three inches thick?

THE WITNESS: Approximately.

THE COURT: All right.

THE WITNESS: About that wide (indicating). THE COURT: About a foot wide.

THE WITNESS: And the same length (indicating).

THE COURT: All right.

BY MR. CHODOS: Mr. Kineston, I am going to show you—I am sorry, I beg your pardon. Please forgive me,

I am going to show you some accounting ledgers that I have in my briefcase.

Were the objects you saw in Mr. Kineston's hands similar to these in any way?



MR. BROWNE: Objection, Your Honor. Now the witness has described what he said he thought he saw, and to lead him with these books—this is his witness. I don't think it is appropriate.

I would object that it is leading. He has described it to the best of his ability.

THE COURT: Overruled.

THE WITNESS: Yes, they did.

Q. BY MR. CHODOS: Now, tell us what happened next.

A. Next, I stepped out of the place I was in before this happened. I was getting a cup of coffee. Then I see a young lady in the stand over there hand Mr. Kineston something. I don't know, again, what it was. It looked like a transmittal envelope that at the place where I have used interoffice transmittal envelopes, and I then saw Mr. Archie Hall also was handing something, and I didn't—I couldn't tell what that was.

Q. Now, you identified a lady—you pointed to a lady. You mean the lady here in the courtroom?

A. Yes. I see her. She is a secretary of the transportation department.

Q. April—is it April something?

A. April Cowan.

Q. April Cowan. All right.

Now, then what happened, Mr. Roberson?

A. Then Mr. Kineston handed whatever he had in his hands to a man named Bill—Bill Whitman, and asked him to place it in the Cadillac, that Mr. Kineston had to go to the bathroom. And then Mr. Whitman replied, "Yes, do you want me to fill it up with gas?" And Mr. Kineston says, "No, I'm afraid I will be seen on my way to Burbank. I will pick up gas."

Q. Then what happened?

A. That was the last—oh, yes. Mr. Whitman placed those—whatever it was—in the backseat of the Cadillac on the left side.

Q. Did you see the Cadillac leave?

A. No.

Q. Now, Mr. Roberson, I want to turn your attention to—well, the period after Judge Foster's hearing.

Were you in court at Judge Foster's hearing?

A. Was that Friday?

Q. Friday.

A. Yes, I was.

Q. Now, after that hearing was over, and later on, did you see Mr. Kineston again?

A. You mean on the campus?

Q. Yes, on the campus.

A. Yes, I did. Saturday night I saw him.

Q. All right. Where was he?

A. He was entering what is called the data processing building.

Q. All right. About what time was that Saturday night?

A. The best I can remember, 9 o'clock, in that area.

Q. How did you happen—what were you doing there?

A. I was driving around with another fellow that is in court.

Q. What is his name?

A. Mr. Morgan.

Q. All right. And you were driving around the campus area?

A. Yes.

Q. You are familiar—you know the data processing building and where it is?



A. I know where it is located. I don't know inside.

Q. Now, you say you saw Mr. Kineston near the data processing building?

A. Yes.

Q. Would you tell us what happened.

A. First, Mr. Morgan and I saw four people—no, five people, including what looked like a guard, standing by a car, and they had a flashlight over a hood of this car, and at that time I didn't know who they were. And then we went around the block and came back again, and by that time, four of these men were up at the building itself, the data processing center building off of Pasadena Avenue.

Q. By the way, this guard—there have been references to guards.

Have you observed—strike that.

The college does maintain a security force, does it not?

A. Yes.

Q. And they wear uniforms regularly?

A. Yes, they do.

Q. And they have college security guards?

A. Yes.

Q. All right. Now, in addition to that, since Thursday there have been some security guards employed by Judge Weisman; are you aware of that?

A. I didn't know who employed them. I have seen guards there.

Q. Well, in other words, you have seen uniformed security people that are not college people?

A. Right.

Q. Now, coming back—having that distinction in mind. Mr. Roberson, coming back to Saturday night at 9 o'clock, your first observation.

Was the guard that you saw a college security guard or a different security guard?

A. This guard I saw was dressed as college security guards do, and he also—or someone did—I don't know who—had a college security car parked in the street in front of this building with the lights on.

Q. Now, coming back to your second time around the block.

You say there were four people at the door of the building?

A. Right.

Q. Would you go on and tell us what you saw there?

A. Mr. Kineston was one of the men, and Mr. Bill Whitman was one of the others; another man was a bearded man I did not recognize. The other man was the guard.

Q. What were they doing?

A. They were—we stopped the truck and watched, and they were entering the building.

Q. Did you see them go in?

A. Yes.

Q. Did you—what did you do then?

A. We told the Pasadena police, found a car parked in front of the hall of administration, and reported it to them.

Q. Did you see Mr. Kineston anymore that night?

A. No, I did not.

Q. Now, Mr. Roberson, did you observe any other instances, besides the two you have told us about, of people entering places or handling records or entering places where records were, since Wednesday?

A. No, I have not



**PAGES, 262-266:**

PAUL TULLENERS,

called as a witness by the relators, was sworn and testified as follows:

THE CLERK: Be seated and state and spell your name for the record, please.

THE WITNESS: Paul Tulleners, T-u-l-l-e-n-e-r-s, P-a-u-l.

DIRECT EXAMINATION

BY MR. CHODOS:

Q. Mr. Tulleners, what is your occupation?

A. I'm a peace officer for fourteen years, the last five and a half for the State Attorney General's office as a special agent.

Q. Officer Tulleners, you have handed me a box of material here.

Can you tell me what this is?

A. Appears to be shredded paper to me.

Q. Where did you get it?

A. Out of that waste basket sitting on the counsel table to your left, an electric waste basket combination shredder.

Q. Who gave you the electric waste basket?

A. Given to me by a State policeman on Monday, the 8th of January.

Q. You took the shreds out of this waste basket?

A. Yes, sir, I did.

Q. Did you make any attempt to piece together the shreds that you located in the waste basket?

A. I did.

Q. I take it you weren't able to piece all the shreds together?

A. I made no attempt on the rest of the material that is in that one box.

I believe it's possible, but I think it would consume a considerable amount of time.

Q. I'm going to show you, as soon as counsel is through looking at them, some collections of shredded paper.

THE COURT: Do you anticipate you will need Judge Weisman?

MR. BROWNE: I don't plan on calling him, Your Honor.

THE COURT: Today?

MR. CHODOS: Ultimately I think we will need him, but whether it's today or not, I don't know.

THE COURT: All right. Let's proceed.

MR. BROWNE: I'll stipulate this can come into evidence.

Will that save you some time?

MR. CHODOS: No, Your Honor. The Attorney General may want to keep the originals.

MR. BROWNE: We will stipulate copies may be introduced in evidence.

THE COURT: All right.

MR. CHODOS: I'll put copies in evidence in just a moment. Mr. Tulleners, I take it this folder of documents was made up by you; is that correct?

A. That's correct.

Q. In essence you have taken the shreds and attached them with Scotch Tape to sheets of paper?

A. After piecing them together, I taped them into the shape shown here.

Q. You laid these each little items on a Xerox machine to take a picture of what you put together?



A. That's correct.

Q. We have here, Mr. Tulleners, about a dozen of these documents.

Can you tell the court about how long it took you to do this?

A. That represents about seven or eight hours' work on Tuesday of this week.

Q. You also dusted the shredder for prints, did you?

A. On Monday evening, yes, sir, I did.

Q. You are now in the process of trying to identify them?

A. Yes.

Q. About how long do you figure it will take to do that?

A. If it's possible, a couple of weeks.

Q. Now, Officer, did you go to the data processing building on Saturday night?

A. Yes, sir, I did.

Q. And did you have occasion to take a look at the roof of the data processing building?

A. Yes, I did.

Q. What did you observe there?

A. Well, I entered the roof from within the data processing center, specifically an area identified on the doors as Spanish department or Spanish language department.

And within that area there was a kind of a maintenance area for equipment, like air conditioning, things like that.

Then I saw a ladder bolted to one wall, a steel ladder.

I climbed that ladder and found there was a hatch to the roof, and the hatch was not secured.

I then went up and looked through that and saw the higher roofline of the shipping department to the east. And as I determined that there was a possibility to gain access to the

data processing through that hatch, I pulled the hatch down and padlocked it shut from inside.

Q. About what time was this, Officer?

A. I would be guessing. Sometime between 9:30 in the evening and 11:00 p.m. on the 6th, Saturday, the 6th of January.



## APPENDIX L.

**Excerpt From Reporter's Transcript of January 10-12, 1979 Hearing in Los Angeles Superior Court Pages 366-367.**

MR. CHODOS: I would like to talk about that.

I want to show Your Honor and remind Your Honor of some of the things that have happened just before you in the last couple of days. And if you will be patient with me for a few minutes, I'll explain the relevance to your inquiry.

I won't dwell on Mrs. Kineston's testimony, which was throughly impeached. I won't dwell on the fact she told you in a declaration that there had never been any shredding, and when she got on the stand and knew we had her nailed, she did a 180 degree turn, like an Olympic swimmer, without missing a beat.

I won't dwell on Mr. Kineston, who was thoroughly impeached. I want to talk about something more significant.

You now have before you, Your Honor, not one, not two, but you have three different versions of the by-laws of this church. It's the most extraordinary thing I have encountered in all my years of litigation.

On Friday night, Your Honor, Mr. Browne introduced a version of the constitution and by-laws which is a Xeroxed copy, and that is exhibit C.

In that document, your Honor, if you will examine it you will find that in article 3, section 3, before Xeroxing someone has typed up a new clause about this—

THE COURT: I have looked them over.

MR. CHODOS: Let me pursue it a little bit because, Your Honor, we now have this morning the declaration of Ralph Helge telling Your Honor about the true condition

of the by-laws. And lo and behold, since Friday night, we have a new clause which just by coincidence is article 12 and relates to indemnification of officers and directors.

And the reason that is significant is Mr. Browne told you here the other day that before Mr. Rader's contract was introduced into evidence that he was entitled to take his fees out of the church because Mr. Radar had a contract that entitled him to indemnification. But when the contract comes in, it turns out the indemnification clause doesn't cover this kind of lawsuit.

Between Friday and today we have a new indemnification article all of a sudden pasted in that now purports to provide indemnification for this lawsuit, too, and it's as though the president were to sneak into the Library of Congress—

THE COURT: Excuse me. You are really addressing yourself to the question of whether a receiver should be appointed, why a receiver should be appointed.

I have asked you to respond to another issue, and that is the issue solely as to whether or not there is any need immediately for the receiver to be given possession of all the property rather than the right and power to monitor and supervise with the condition of the right to later apply for possession.